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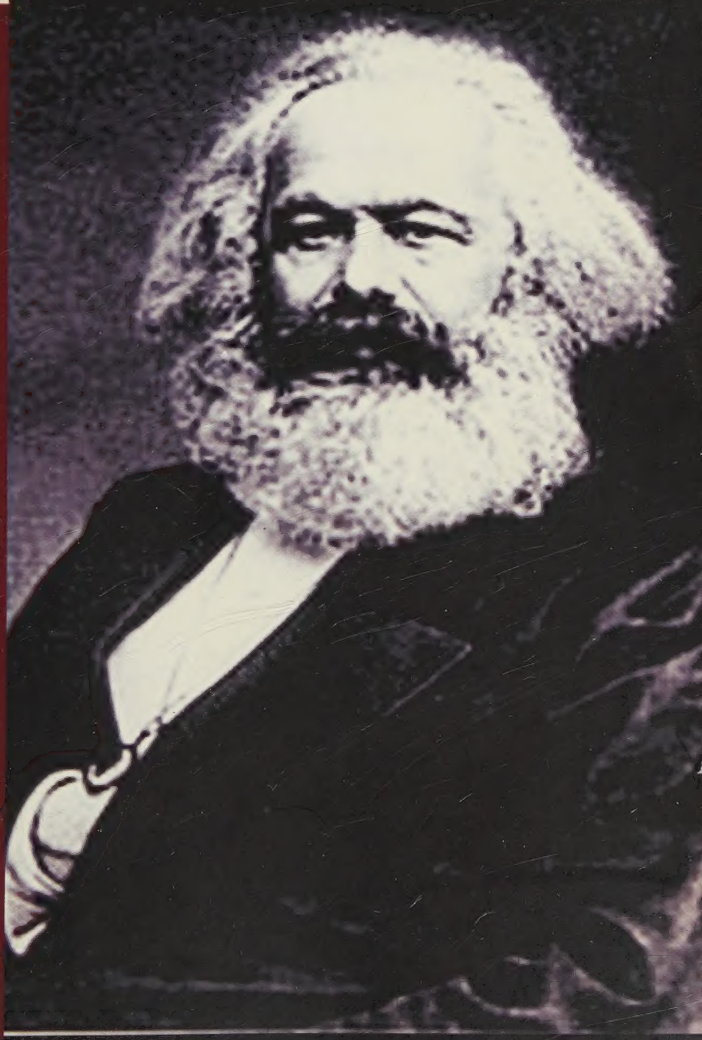

Karl Marx

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CAPITAL

A CRITIQUE OF POLITICAL ECONOMY

KARL MARX

THE PROCESS OF CAPITALIST PRODUCTION

EDITED BY

FREDERICK ENGELS

VANCOUVER, B. C.

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PUBLISHERS' PREFACE

The present volume consists, mainly, of the first nine chapters of Volume I., of Marx's *Capital,* which are now, not for the first time, however, reprinted. These chapters have long been recognized to contain the theoretical part of the Marxian system, in so far as it applies to political economy, *i.e.,* the laws of value, surplus-value, and money. Former editions being now out of print, or otherwise unobtainable, it is considered desirable to issue the present book, which is intended to be used as a text-book for economic classes and the like, as being more convenient to the needs of group students than the bulky volume of *Capital,* and, particularly in view of the uniform non-success which has attended the numerous attempts to popularize, or simplify *Capital,* more desirable than these.

The practical application of the theories here expounded must, of course, be studied in the complete work, and in the voluminous post-Marxian literature. One thing more: Marxian economics can be understood only, and should be studied only as forming part of a complete whole –a system – which has been called, not very happily, the Socialist Philosophy. For this reason there has been included the famous 32nd chapter of *Capital,* and the following extract from the preface to *A Contribution to the Critique of Political Economy,* is presented as indicating the manner in which Marx himself approached this problem.

"The first work undertaken for the solution of the question that troubled me, was a critical revision of Hegel's 'Philosophy of Law'; the introduction to that work appeared in the 'Deutsch-Franzosisch Jahrbucher,' published in Paris in 1844. I was led by my studies to the conclusion that legal relations as well as forms of state could neither be understood by themselves, nor explained by the so-called general progress of the human mind, but that they are rooted in the material conditions of life, which are summed up by Hegel after the example of the English and French of the eighteenth century under the name 'civic society;' the anatomy of that civic society is to be sought in political economy. The study of the latter which I had taken up in Paris, I continued at Brussels whither I emigrated on account of an order of expulsion issued by Mr. Guizot. The general conclusion at which I arrived and which, once reached, continued to serve as the leading thread in my studies, may be briefly summed up as follows: In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development

of their material powers of production. The sum total of these relations of production constitutes the economic structure of society—the real foundation, on which rise legal and political superstructures and to which correspond definite forms of social consciousness. The mode of production in material life determines the general character of the social, political and spiritual processes of life. It is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness. At a certain stage of their development, the material forces of production come in conflict with the existing relations of production, or—what is but a legal expression for the same thing—with the property relations within which they had been at work before.

From forms of development of the forces of production these relations turn into their fetters. Then comes the period of social revolution. With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed. In considering such transformations the distinction should always be made between the material transformation of the economic conditions of production which can be determined with the precision of natural science, and the legal, political, religious, aesthetic or philosophic—in short, ideological forms in which men become conscious of this conflict and fight it out. Just as our opinion of an individual is not based on what he thinks of himself, so can we not judge of such a period of transformation by its own consciousness; on the contrary, this consciousness must rather be explained from the contradictions of material life, from the existing conflict between the social forces of production and the relations of production. No social order ever disappears before all the productive forces, for which there is room in it, have been developed; and new higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society. Therefore, mankind always takes up only such problems as it can solve; since, looking at the matter more closely, we will always find that the problem itself arises only when the material conditions necessary for its solution already exist or are at least in the process of formation. In broad outlines we can designate the Asiatic, the ancient, the feudal, and the modern bourgeois methods of production as so many epochs in the progress of the economic formation of society. The bourgeois relations of production are the last antagonistic form of the social process of production—antagonistic not in the sense of individual antagonism, but of one arising from conditions surrounding the life of individuals in society; at the same time the productive forces developing in the womb of bourgeois society create the material conditions for the solution of that antagonism. This social formation constitutes, therefore, the closing chapter of the pre-historic stage of human society."

The translation in the following pages is that made from the third German edition, the first nine chapters by Samuel Moore, and the 32nd chapter by Edward Aveling.

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1st January, 1919.

BOOK I.

CAPITALIST PRODUCTION

PART I.

COMMODITIES AND MONEY

CHAPTER I.

COMMODITIES.

SECTION 1.—THE TWO FACTORS OF A COMMODITY: USE-VALUE AND VALUE (THE SUBSTANCE OF VALUE AND THE MAGNITUDE OF VALUE)

THE wealth of those societies in which the capitalist mode of production prevails presents itself as "an immense accumulation of commodities,"[1] its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.

A commodity is, in the first place, an object outside us, a thing that by its properties satisfies human wants of some sort or another. The nature of such wants, whether, for instance, they spring from the stomach or from fancy, makes no difference.[2] Neither are we here concerned to know how the object satisfies these wants, whether directly as means of subsistence, or indirectly as means of production.

Every useful thing, as iron, paper, &c., may be looked at from the two points of view of quality and quantity. It is an assemblage of many properties, and may therefore be of use in various ways. To discover the various uses of things is the work of history.[3] So also is the establishment of socially recognised standards of measure for the quantities of these

[1] Karl Marx "A Contribution to the Critique of Political Economy." 1859. London. p. 19.

[2] [illegible] "Things have an intrinsic quality by which they are fitted to satisfy wants, or to be useful, and this property is common to them all. Thus the use of a horse is not different from supplying the wants of the mind." Nicolas Barbon: "A Discourse on Coining the New Money lighter in proportion to the Old." London. 1696. p. 2, 3.

useful objects. The diversity of these measures has its origin partly in the diverse nature of the objects to be measured, partly in convention.

The utility of a thing makes it a use-value.[1] But this utility is not a thing of air. Being limited by the physical properties of the commodity, it has no existence apart from that commodity. A commodity, such as iron, corn, or a diamond, is therefore, so far as it is a material thing, a use-value, something useful. This property of a commodity is independent of the amount of labour required to appropriate its useful qualities. When treating of use-value, we always assume to be dealing with definite quantities, such as dozens of watches, yards of linen, or tons of iron. The use-values of commodities furnish the material for a special study, that of the commercial knowledge of commodities.[2] Use-values become a reality only by use or consumption: they also constitute the substance of all wealth, whatever may be the social form of that wealth. In the form of society we are about to consider, they are, in addition, the material depositories of exchange value.

Exchange value, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort,[3] a relation constantly changing with time and place. Hence exchange value appears to be something accidental and purely relative, and consequently an intrinsic value, *i.e.*, an exchange value that is inseparably connected with, inherent in commodities, seems a contradiction in terms.[4] Let us consider the matter a little more closely.

A given commodity, *e.g.*, a quarter of wheat is exchanged

in use) "which in all places have the same virtue as the loadstone to attract iron" (l. c., p. 6). The property which the magnet possesses of attracting iron, became of use only after by means of that property the polarity of the magnet had been discovered.

[1] "The natural worth of anything consists in its fitness to supply the necessities, or serve the conveniences of human life." (John Locke, "Some considerations on the consequences of the lowering of interest, 1691," in Works Edit. London, 1777, Vol. II., p. 28.) In English writers of the 17th century we frequently find "worth" in the sense of value in use, and "value" in the sense of exchange value. This is quite in accordance with the spirit of a language that likes to use a Teutonic word for the actual thing, and a Romance word for its reflexion.

[2] In bourgeois societies the economical fictio juris prevails, that every one, as [illegible] of commodities.

[3] "La valeur consiste dans le rapport d'échange qui se trouve entre telle chose et telle autre, entre telle mesure d'une production, et telle mesure d'une autre." (Le Trosne, "De l'Intérêt Social," [illegible], Ed. Daire, Paris, 1845, P. 889.)

[4] "Nothing can have an intrinsick value." (N. Barbon, l. c., p. 6); or as Butler says:

"The value of a thing
Is just as much as it will bring."

for x blacking, y silk, or z gold, &c.– in short, for other commodities in the most different proportions. Instead of one exchange value, the wheat has, therefore, a great many. But since x blacking, y silk, or z gold, &c., each represent the exchange value of one quarter of wheat, x blacking, y silk, z gold, &c., must as exchange values be replaceable by each other, or equal to each other. Therefore, first: the valid exchange values of a given commodity express something equal; secondly, exchange value, generally, is only the mode of expression, the phenomenal form, of something contained in it, yet distinguishable from it.

Let us take two commodities, *e.g.*, corn and iron. The proportions in which they are exchangeable, whatever those proportions may be, can always be represented by an equation in which a given quantity of corn is equated to some quantity of iron; *e.g.*, 1 quarter corn = x cwt. iron. What does this equation tell us? It tells us that in two different things—in 1 quarter of corn and x cwt. of iron, there exists in equal quantities something common to both. The two things must therefore be equal to a third, which in itself is neither the one nor the other. Each of them, so far as it is exchange value, must therefore be reducible to this third.

A simple geometrical illustration will make this clear. In order to calculate and compare the areas of rectilinear figures, we decompose them into triangles. But the area of the triangle itself is expressed by something totally different from its visible figure, namely, by half the product of the base into the altitude. In the same way the exchange values of commodities must be capable of being expressed in terms of something common to them all, of which thing they represent a greater or less quantity.

This common "something" cannot be either a geometrical, a chemical, or any other natural property of commodities. Such properties claim our attention only in so far as they affect the utility of those commodities, make them use-values. But the exchange of commodities is evidently an act characterised by a total abstraction from use-value. Then one use-value is just as good as another, provided only it be present in sufficient quantity. Or, as old Barbon says, "one sort of wares are as good as another, if the values be equal. There is no difference or distinction in things of equal value. . . . An hundred pounds' worth of lead or iron, is of as great value

as one hundred pounds' worth of silver or gold."[1] As use-values, commodities are, above all, of different qualities, but as exchange values they are merely different quantities, and consequently do not contain an atom of use-value.

If then we leave out of consideration the use-value of commodities, they have only one common property left, that of being products of labour. But even the product of labour itself has undergone a change in our hands. If we make abstraction from its use-value, we make abstraction at the same time from the material elements and shapes that make the product a use-value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight. Neither can it any longer be regarded as the product of the labour of the joiner, the mason, the spinner, or of any other definite kind of productive labour. Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract.

Let us now consider the residue of each of these products; it consists of the same unsubstantial reality in each, a mere congelation of homogeneous human labour, of labour-power expended without regard to the mode of its expenditure. All that these things now tell us is, that human labour-power has been expended in their production, that human labor is embodied in them. When looked at as crystals of this social substance, common to them all, they are—Values.

We have seen that when commodities are exchanged, their exchange value manifests itself as something totally independent of their use-value. But if we abstract from their use-value, there remains their Value as defined above. Therefore, the common substance that manifests itself in the exchange value of commodities, whenever they are exchanged, is their value. The progress of our investigation will show that exchange value is the only form in which the value of commodities can manifest itself or be expressed. For the present, however, we have to consider the nature of value independently of this, its form.

A use-value, or useful article, therefore, has value only because labour in the abstract has been embodied or ma-

[1] N. Barbon, l. c. p. 53 and 7.

terialised in it. How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labour, contained in the article. The quantity of labour, however, is measured by its duration, and labour-time in its turn finds its standard in weeks, days, and hours.

Some people might think that if the value of a commodity is determined by the quantity of labour spent on it, the more idle and unskilful the labourer, the more valuable would his commodity be, because more time would be required in its production. The labour, however, that forms the substance of value, is homogeneous human labour, expenditure of one uniform labour-power. The total labour-power of society, which is embodied in the sum total of the values of all commodities produced by that society, counts here as one homogeneous mass of human labour-power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labour-power of society, and takes effect as such; that is, so far as it requires for producing a commodity, no more time than is needed on an average, no more than is socially necessary. The labour-time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The introduction of power looms into England probably reduced by one half the labour required to weave a given quantity of yarn into cloth. The hand-loom weavers, as a matter of fact, continued to require the same time as before, but for all that, the product of one hour of their labour represented after the change only half an hour's social labour, and consequently fell to one-half its former value.

We see then that that which determines the magnitude of the value of any article is the amount of labour socially necessary, or the labour time socially necessary for its production.[1] Each individual commodity, in this connexion, is to be considered as an average sample of its class.[2] Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value.

[1] "The value of them (the necessaries of life), when they are exchanged, the one for another, is regulated by the quantity of labour necessarily required and commonly taken in producing them." (Some Thoughts on the Interest of Money in general, and particularly in the Publick Funds &c. Lond. p. 36.) This remarkable anonymous work, written in the last century, bears no date. It is clear, however, from internal evidence, that it appeared in the reign of George II. about 1739 or 1740.

[2] "Toutes les productions d'un meme genre ne forment proprement qu'une masse, dont le prix se determine en general et sans egard aux circonstances particulieres." (Le Trosne, l. c. p. 893.)

The value of one commodity is to the value of any other, as the labour time necessary for the production of the one is to that necessary for the production of the other. "As values, all commodities are only definite masses of congealed labour-time."[1]

The value of a commodity would therefore remain constant, if the labour time required for its production also remained constant. But the latter changes with every variation in the productiveness of labour. This productiveness is determined by various circumstances, amongst others, by the average amount of skill of the workmen, the state of science, and the degree of its practical application, the social organisation of production, the extent and capabilities of the means of production, and by physical conditions. For example, the same amount of labour in favourable seasons is embodied in 8 bushels of corn, and in unfavourable, only in four. The same labour extracts from rich mines more metal than from poor mines. Diamonds are of very rare occurrence on the earth's surface, and hence their discovery costs, on an average, a great deal of labour-time. Consequently much labour is represented in a small compass. Jacob doubts whether gold has ever been paid for at its full value. This applies still more to diamonds. According to Eschwege, the total produce of the Brazilian diamond mines for the eighty years, ending in 1823, had not realized the price of one and-a-half years' average produce of the sugar and coffee plantations of the same country, although the diamonds cost much more labour, and therefore represented more value. With richer mines, the same quantity of labour would embody itself in more diamonds and their value would fall. If we could succeed at a small expenditure of labour, in converting carbon into diamonds, their value might fall below that of bricks. In general, the greater the productiveness of labour, the less is the labour-time required for the production of an article, the less is the amount of labour crystallised in that article, and the less is its value; and *vice versa*, the less the productiveness of labour, the greater is the labour-time required for the production of an article, and the greater is its value. The value of a commodity, therefore, varies directly as the quantity, and inversely as the productiveness, of the labour incorporated in it.

A thing can be a use-value, without having value. This is the case wherever its utility to man is not due to labour. Such are air, virgin soil, natural meadows, &c. A thing can be useful, and the product of human labour, without being a commodity. Whoever directly satisfies his wants with the

[1] K. Marx, l. c., p. 24.

produce of his own labour, creates, indeed, use-values, but not commodities. In order to produce the latter, he must not only produce use-values, but use-values for others, social use-values. Lastly, nothing can have value, without being an object of utility. If the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value.

SECTION 2.—THE TWOFOLD CHARACTER OF THE LABOUR EMBODIED IN COMMODITIES.

At first sight a commodity presented itself to us as a complex of two things—use-value and exchange-value. Later on, we saw also that labour, too, possesses the same two-fold nature; for, so far as it finds expression in value, it does not possess the same characteristics that belong to it as a creator of use-values. I was the first to point out and to examine critically this two-fold nature of the labour contained in commodities. As this point is the pivot on which a clear comprehension of political economy turns, we must go more into detail.

Let us take two commodities such as a coat and 10 yards of linen, and let the former be double the value of the latter, so that, if 10 yards of linen = W, the coat = 2W.

The coat is a use-value that satisfies a particular want. Its existence is the result of a special sort of productive activity, the nature of which is determined by its aim, mode of operation, subject, means, and result. The labour, whose utility is thus represented by the value in use of its product, or which manifests itself by making its product a use-value, we call useful labour. In this connexion we consider only its useful effect.

As the coat and the linen are two qualitatively different use values, so also are the two forms of labour that produce them, tailoring and weaving. Were these two objects not qualitatively different, not produced respectively by labour of different quality, they could not stand to each other in the relation of commodities. Coats are not exchanged for coats, one use-value is not exchanged for another of the same kind.

To all the different varieties of values in use there correspond as many different kinds of useful labour, classified according to the order, genus, species, and variety to which they belong in the social division of labour. This division of labour is a necessary condition for the production of commodities, but it does not follow conversely, that the production of commodities is a necessary condition for the division of labour. In the primitive Indian community there is social division of labour, without production of commodities. Or, to take an

example nearer home, in every factory the labour is divided according to a system, but this division is not brought about by the operatives mutually exchanging their individual products. Only such products can become commodities with regard to each other, as result from different kinds of labour, each kind being carried on independently and for the account of private individuals.

To resume, then: In the use-value of each commodity there is contained useful labour, *i.e.*, productive activity of a definite kind and exercised with a definite aim. Use-values cannot confront each other as commodities, unless the useful labour embodied in them is qualitatively different in each of them. In a community, the produce of which is general takes the form of commodities, *i.e.*, in a community of commodity producers, this qualitative difference between the useful forms of labour that are carried on independently by individual producers, each on their own account, develops into a complex system, a social division of labour.

Anyhow, whether the coat be worn by the tailor or by his customer, in either case it operates as a use-value. Nor is the relation between the coat and the labour that produced it altered by the circumstance that tailoring may have become a special trade, an independent branch of the social division of labour. Wherever the want of clothing forced them to it, the human race made clothes for thousands of years, without a single man becoming a tailor. But coats and linen, like every other element of material wealth that is not the spontaneous produce of nature must invariably owe their existence to a special productive activity, exercised with a definite aim, an activity that appropriates particular nature-given materials to particular human wants. So far therefore as labour is a creator of use-value, is useful labour, it is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchanges between man and Nature, and therefore no life.

The use-values, coat, linen, &c., *i.e.*, the bodies of commodities, are combinations of two elements—matter and labour. If we take away the useful labour expended upon them, a material substratum is always left, which is furnished by Nature without the help of man. The latter can work only as Nature does, that is by changing the form of matter.[1] Nay

[1] "Tutti i fenomeni dell' universo, sieno essi prodotti della mano, dell' uomo ovvero delle universali leggi della fisica, non ci danno idea di attuale creazione, ma unicamente di una modificazione della materia. Accostare e separare sono gli unici elementi che l'ingegno umano ritrova analizzando l'idea della riprodu

more, in this work of changing the form he is constantly helped by natural forces. We see, then, that labour is not the only source of material wealth, of use-values produced by labour. As William Petty puts it, labour is its father and the earth its mother.

Let us now pass from the commodity considered as a use-value to the value of commodities.

By our assumption, the coat is worth twice as much as the linen. But this is a mere quantitative difference, which for the present does not concern us. We bear in mind, however, that if the value of the coat is double that of 10 yds. of linen, 20 yds. of linen must have the same value as one coat. So far as they are values, the coat and the linen are things of a like substance, objective expressions of essentially identical labour. But tailoring and weaving are, qualitatively, different kinds of labour. There are, however, states of society in which one and the same man does tailoring and weaving alternately, in which case these two forms of labour are mere modifications of the labour of the same individual, and not special and fixed functions of different persons; just as the coat which our tailor makes one day, and the trousers which he makes another day, imply only a variation in the labour of one and the same individual. Moreover, we see at a glance that, in our capitalist society, a given portion of human labour is, in accordance with the varying demand, at one time supplied in the form of tailoring, at another in the form of weaving. This change may possibly not take place without friction, but take place it must.

Productive activity, if we leave out of sight its special form, viz., the useful character of the labour, is nothing but the expenditure of human labour-power. Tailoring and weaving, though qualitatively different productive activities, are each a productive expenditure of human brains, nerves, and muscles, and in this sense are human labour. They are but two different modes of expending human labour-power. Of course, this labour-power, which remains the same under all its modifications, must have attained a certain pitch of development before it can be expended in a multiplicity of modes. But the value of a commodity represents human labour in the abstract, the expenditure of human labour in general. And just as in

zione: e tanto è riproduzione di valore (value in use, although Verri in this passage of his controversy with the Physiocrats is not himself quite certain of the kind of value he is speaking of) e di ricchezze se la terra l'aria e l'acqua ne' campi si trasmutino in grano, come se colla mano dell' uomo il glutine di un insetto si trasmuti in velluto ovvero alcuni pezzetti di metallo si organizzino a formare una ripetizione."—Pietro Verri, "Meditazioni sulla Economia Politica" [first printed in 1773] in Custodi's edition of the Italian Economists, Parte Moderna, t. xv. p. 22.

society, a general or a banker plays a great part, but mere man, on the other hand, a very shabby part,[1] so here with mere human labour. It is the expenditure of simple labour-power, *i.e.*, of the labour-power which, on an average, apart from any special development, exists in the organism of every ordinary individual. Simple average labour, it is true, varies in character in different countries and at different times, but in a particular society it is given. Skilled labour counts only as simple labour intensified, or rather, as multiplied simple labour, a given quantity of skilled being considered equal to a greater quantity of simple labour. Experience shows that this reduction is constantly being made. A commodity may be the product of the most skilled labour, but its value, by equating it to the product of simple unskilled labour, represents a definite quantity of the latter labour alone.[2] The different proportions in which different sorts of labour are reduced to unskilled labour as their standard, are established by a social process that goes on behind the backs of the producers, and, consequently, appear to be fixed by custom. For simplicity's sake we shall henceforth account every kind of labour to be unskilled, simple labour; by this we do no more than save ourselves the trouble of making the reduction.

Just as, therefore, in viewing the coat and linen as values, we abstract from their different use-values, so it is with the labour represented by those values: we disregard the difference between its useful forms, weaving and tailoring. As the use-values, coat and linen, are combinations of special productive activities with cloth and yarn, while the values, coat and linen are, on the other hand, mere homogeneous congelations of undifferentiated labour, so the labour embodied in these latter values does not count by virtue of its productive relation to cloth and yarn, but only as being expenditure of human labour-power. Tailoring and weaving are necessary factors in the creation of the use-values, coat and linen, precisely because these two kinds of labour are of different qualities; but only in so far as abstraction is made from their special qualities, only in so far as both possess the same quality of being human labour, do tailoring and weaving form the substance of the values of the same articles.

Coats and linen, however, are not merely values, but values of definite magnitude, and according to our assumption, the

[1] Comp. Hegel, Philosophie des Rechts, Berlin, 1840, p. 250 § 190.

[2] The reader must note that we are not speaking here of the wages or value that the labourer gets for a given labour time, but of the value of the commodity in which that labour time is materialised. Wages is a category that, as yet, has no existence at the present stage of our investigation.

coat is worth twice as much as the ten yards of linen. Whence this difference in their values? It is owing to the fact that the linen contains only half as much labour as the coat, and consequently, that in the production of the latter, labour-power must have been expended during twice the time necessary for the production of the former.

While, therefore, with reference to use-value, the labour contained in a commodity counts only qualitatively, with reference to value it counts only quantitatively, and must first be reduced to human labour pure and simple. In the former case, it is a question of How and What, in the latter of How much? How long a time? Since the magnitude of the value of a commodity represents only the quantity of labour embodied in it, it follows that all commodities, when taken in certain proportions, must be equal in value.

If the productive power of all the different sorts of useful labour required for the production of a coat remains unchanged, the sum of the values of the coat produced increases with their number. If one coat represents x days' labour, two coats represent 2x days' labour, and so on. But assume that the duration of the labour necessary for the production of a coat becomes doubled or halved. In the first case, one coat is worth as much as two coats were before; in the second case, two coats are only worth as much as one was before, although in both cases one coat renders the same service as before, and the useful labour embodied in it remains of the same quality. But the quantity of labour spent on its production has altered.

An increase in the quantity of use-values is an increase of material wealth. With two coats two men can be clothed, with one coat only one man. Nevertheless, an increased quantity of material wealth may correspond to a simultaneous fall in the magnitude of its value. This antagonistic movement has its origin in the two-fold character of labour. Productive power has reference, of course, only to labour of some useful concrete form; the efficacy of any special productive activity during a given time being dependent on its productiveness. Useful labour becomes, therefore, a more or less abundant source of products, in proportion to the rise or fall of its productiveness. On the other hand, no change in this productiveness affects the labour represented by value. Since productive power is an attribute of the concrete useful forms of labour, of course it can no longer have any bearing on that labour, so soon as we make abstraction from those concrete useful forms. However then productive power may vary, the same labour, exercised during equal periods of time, always

yields equal amounts of value. But it will yield, during equal periods of time, different quantities of values in use; more, if the productive power rise, fewer, if it fall. The same change in productive power, which increases the fruitfulness of labour, and, in consequence, the quantity of use-values produced by that labour, will diminish the total value of this increased quantity of use-values, provided such change shorten the total labour-time necessary for their production; and *vice versa.*

On the one hand all labour is, speaking physiologically, an expenditure of human labour-power, and in its character of identical abstract human labour, it creates and forms the value of commodities. On the other hand, all labour is the expenditure of human labour-power in a special form and with a definite aim, and in this, its character of concrete useful labour, it produces use-values.[1]

SECTION 3.—THE FORM OF VALUE OR EXCHANGE VALUE.

Commodities come into the world in the shape of use-values, articles, or goods, such as iron, linen, corn, &c. This is their plain, homely, bodily form. They are, however, commodities, only because they are something twofold, both objects of utility, and, at the same time, depositories of value. They manifest themselves therefore as commodities, or have the form of commodities, only in so far as they have two forms, a physical or natural form, and a value form.

The reality of the value of commodities differs in this respect from Dame Quickly, that we don't know "where to have

[1] In order to prove that labour alone is that all-sufficient and real measure, by which at all times the value of all commodities can be estimated and compared, Adam Smith says, "Equal quantities of labour must at all times and in all places have the same value for the labourer. In his normal state of health, strength and activity, and with the average degree of skill that he may possess, he must always give up the same portion of his rest, his freedom, and his happiness." (Wealth of Nations, b. I ch. v.) On the one hand, Adam Smith here (but not everywhere) confuses the determination of value by means of the quantity of labour expended in the production of commodities, with the determination of the values of commodities by means of the value of labour, and seeks in consequence to prove that equal quantities of labour have always the same value. On the other hand, he has a presentiment, that labour, so far as it manifests itself in the value of commodities, counts only as expenditure of labour power, but he treats this expenditure as the mere sacrifice of rest, freedom, and happiness, not as the same time the normal activity of living beings. But then, he has the modern wage-labourer in his eye. Much more aptly, the anonymous predecessor of Adam Smith, quoted above in Note [1], p. 6, says, "one man has employed himself a week in providing this necessary of life . . . and he that gives him some other in exchange, cannot make a better estimate of what is a proper equivalent, than by computing what cost him just as much labour and time, which in effect is no more than exchanging one man's labour in one thing for a time certain, for another man's labour in another thing for the same time." (l. c. p. 39.) [The English language has the advantage of possessing different words for the two aspects of labour here considered. The labour which creates Use-Value, and counts qualitatively, is "Work," as distinguished from Labour; that which creates Value and counts quantitatively, is "Labour" as distinguished from Work. —Ed.]

it." The value of commodities is the very opposite of the coarse materiality of their substance, not an atom of matter enters into its composition. Turn and examine a single commodity, by itself, as we will. Yet in so far as it remains an object of value, it seems impossible to grasp it. If, however, we bear in mind that the value of commodities has a purely social reality, and that they acquire this reality only so in so far as they are expressions or embodiments of one identical social substance, viz., human labor, it follows as a matter of course, that value can only manifest itself in the social relation of commodity to commodity. In fact we started from exchange value, or the exchange relation of commodities, in order to get at the value that lies hidden behind it. We must now return to this form under which value first appeared to us.

Every one knows, if he knows nothing else, that commodities have a value form common to them all, and presenting a marked contrast with the varied bodily forms of their use-values. I mean their money form. Here, however, a task is set us, the performance of which has never yet even been attempted by *bourgeois* economy, the task of tracing the genesis of this money form, of developing the expression of value implied in the value relation of commodities, from its simplest, almost imperceptible outline, to the dazzling money form. By doing this we shall, at the same time, solve the riddle presented by money.

The simplest value relation is evidently that of one commodity to some one other commodity of a different kind. Hence the relation between the values of two commodities supplies us with the simplest expression of the value of a single commodity.

A. Elementary or Accidental Form of Value.

x commodity A=y commodity B, or
x commodity A is worth y commodity B.
20 yards of linen=1 coat, or
20 yards of linen are worth 1 coat.

1. *The two poles of the expression of value: Relative form and Equivalent form.*

The whole mystery of the form of value lies hidden in this elementary form. Its analysis, therefore, is our real difficulty.

Here two different kinds of commodities (in our example the linen and the coat), evidently play two different parts. The linen expresses its value in the coat; the coat serves as the material in which that value is expressed. The former plays

an active, the latter a passive, part. The value of the linen is represented as relative value, or appears in relative form. The coat officiates as equivalent, or appears in equivalent form.

The relative form and the equivalent form are two intimately connected, mutually dependent and inseparable elements of the expression of value; but, at the same time, are mutually exclusive, antagonistic extremes—*i.e.*, poles of the same expression. They are allotted respectively to the two different commodities brought into relation by that expression. It is not possible to express the value of linen in linen. 20 yards of linen= 20 yards of linen is no expression of value. On the contrary, such an equation merely says that 20 yards of linen are nothing else than 20 yards of linen, a definite quantity of the use-value linen. The value of the linen can therefore be expressed only relatively—*i.e.*, in some other commodity. The relative form of the value of the linen pre-supposes, therefore, the presence of some other commodity—here the coat—under the form of an equivalent. On the other hand, the commodity that figures as the equivalent cannot at the same time assume the relative form. That second commodity is not the one whose value is expressed. Its function is merely to serve as the material in which the value of the first commodity is expressed.

No doubt, the expression 20 yards of linen=1 coat, or 20 yards of linen are worth 1 coat, implies the opposite relation: 1 coat=20 yards of linen, or 1 coat is worth 20 yards of linen. But, in that case, I must reverse the equation, in order to express the value of the coat relatively; and, so soon as I do that the linen becomes the equivalent instead of the coat. A single commodity cannot, therefore, simultaneously assume, in the same expression of value, both forms. The very polarity of these forms makes them mutually exclusive.

Whether, then, a commodity assumes the relative form, or the opposite equivalent form, depends entirely upon its accidental position in the expression of value—that is, upon whether it is the commodity whose value is being expressed or the commodity in which value is being expressed.

2. *The Relative form of value.*

(a.) *The nature and import of this form.*

In order to discover how the elementary expression of the value of a commodity lies hidden in the value relation of two commodities, we must, in the first place, consider the latter entirely apart from its quantitative aspect. The usual mode of procedure is generally the reverse, and in the value relation

nothing is seen but the proportion between definite quantities of two different sorts of commodities that are considered equal to each other. It is apt to be forgotten that the magnitudes of different things can be compared quantitatively, only when those magnitudes are expressed in terms of the same unit. It is only as expression of such a unit that they are of the same denomination, and therefore commensurable.[1]

Whether 20 yards of linen=1 coat or =20 coats or=x coats—that is, whether a given quantity of linen is worth few or many coats, every such statement implies that the linen and coats, as magnitudes of value, are expressions of the same unit, things of the same kind. Linen—coat is the basis of the equation.

But the two commodities whose identity of quality is thus assumed, do not play the same part. It is only the value of the linen that is expressed. And how? By its reference to the coat as its equivalent as something that can be exchanged for it. In this relation the coat is the mode of existence of value, is value embodied, for only as such is it the same as the linen. On the other hand, the linen's own value comes to the front, receives independent expression, for it is only as being value that it is comparable with the coat as a thing of equal value, or exchangeable with the coat. To borrow an illustration from chemistry, butyric acid is a different substance from propyl formate. Yet both are made up of the same chemical substances, carbon(C), hydrogen (H), and oxygen (O), and that, too, in like proportions—namely, $C_4H_8O_2$. If now we equate butyric acid to propyl formate, then, in the first place, propyl formate would be, in this relation, merely a form of existence of $C_4H_8O_2$; and in the second place, we should be stating that butyric acid also consists of $C_4H_8O_2$. Therefore, by thus equating the two substances, expression would be given to their chemical composition, while their different physical forms would be neglected.

If we say that, as values, commodities are mere congelations of human labour, we reduce them by our analysis, it is true, to the abstraction, value; but we ascribe to this value no form apart from their bodily form. It is otherwise in the value relation of one commodity to another. Here, the one stands

[1]The few economists, amongst whom is S. Bailey, who have occupied themselves with the analysis of the form of value, have been unable to arrive at any result first, because they confuse the form of value with value itself; and second, because, under the coarse influence of the practical bourgeois, they exclusively give their attention to the quantitative aspect of the question. "The command of quantity . . . . constitutes value." "Money and its Vicissitudes." London, 1837, p. 11. By S. Bailey.)

forth in its character of value by reason of its relation to the other.

By making the coat the equivalent of the linen, we equate the labour embodied in the former to that in the latter. Now, it is true that the tailoring, which makes the coat, is concrete labour of a different sort from the weaving which makes the linen. But the act of equating it to the weaving, reduces the tailoring to that which is really equal in the two kinds of labour, to their common character of human labour. In this roundabout way, then, the fact is expressed, that weaving also, in so far as it weaves value, has nothing to distinguish it from tailoring, and, consequently, is abstract human labour. It is the expression of equivalence between different sorts of commodities that alone brings into relief the specific character of value-creating labour, and this it does by actually reducing the different varieties of labour embodied in the different kinds of commodities to their common quality of human labour in the abstract.[1]

There is, however, something else required beyond the expression of the specific character of the labour of which the value of the linen consists. Human labour-power in motion, or human labour, creates value, but is not itself value. It becomes value only in its congealed state, when embodied in the form of some object. In order to express the value of the linen as a congelation of human labour, that value must be expressed as having objective existence, as being a something materially different from the linen itself, and yet a something common to the linen and all other commodities. The problem is already solved.

When occupying the position of equivalent in the equation of value, the coat ranks qualitatively as the equal of the linen, as something of the same kind, because it is value. In this position it is a thing in which we see nothing but value, or whose palpable bodily form represents value. Yet the coat itself, the body of the commodity, coat, is a mere use-value. A coat as such no more tells us it is value, than does the first piece of linen we take hold of. This shows that when placed in value relation to the linen, the coat signifies more than when out of

[1] The celebrated Franklin, one of the first economists, after Wm. Petty, who saw through the nature of value, says: "Trade in general being nothing else but the exchange of labour for labour, the value of all things is . . most justly measured by labour." (The works of B. Franklin, &c., edited by Sparks, Boston, 1836, Vol. II., p. 267.) Franklin is unconscious that by estimating the value of everything in labour, he makes abstraction from any difference in the sorts of labour exchanged, and thus reduces them all to equal human labour. But although ignorant of this, yet he says it. He speaks first of "the one labour," then of "the other labour," and finally of "labour," without further qualification, as the substance of the value of everything.

that relation, just as many a man strutting about in a gorgeous uniform counts for more than when in mufti.

In the production of the coat, human labour-power, in the shape of tailoring, must have been actually expended. Human labour is therefore accumulated in it. In this aspect the coat is a depository of value, but though worn to a thread, it does not let this fact show through. And as equivalent of the linen in the value equation, it exists under this aspect alone, counts therefore as embodied value, as a body that is value. *A*, for instance, cannot be "your majesty" to *B*, unless at the same time majesty in B's eyes assumes the bodily form of A, and, what is more, with every new father of the people, changes its features, hair, and many other things besides.

Hence, in the value equation, in which the coat is the equivalent of the linen, the coat officiates as the form of value. The value of the commodity linen is expressed by the bodily form of the commodity coat, the value of one by the use-value of the other. As a use-value, the linen is something palpably different from the coat; as value, it is the same as the coat, and now has the appearance of a coat. Thus the linen acquires a value form different from its physical form. The fact that it is value, is made manifest by its equality with the coat, just as the sheep's nature of a Christian is shown in his resemblance to the Lamb of God.

We see, then, all that our analysis of the value of commodities has already told us, is told us by the linen itself, so soon as it comes into communication with another commodity, the coat. Only it betrays its thoughts in that language with which alone it is familiar, the language of commodities. In order to tell us that its own value is created by labour in its abstract character of human labour, it says that the coat, in so far as it is worth as much as the linen, and therefore is value, consists of the same labour as the linen. In order to inform us that its sublime reality as value is not the same as its buckram body, it says that value has the appearance of a coat, and consequently that so far as the linen is value, it and the coat are as like as two peas. We may here remark, that the language of commodities has, besides Hebrew, many other more or less correct dialects. The German "werthsein," to be worth, for instance, expresses in a less striking manner than the Romance verbs "valere," "valer," "valoir," that the equating of commodity B to commodity A, is commonly A's own mode of expressing its value. Paris vaut bien une messe.

By means, therefore, of the value relation expressed in our equation, the bodily form of commodity B becomes the value

form of commodity A, or the body of commodity B acts as a mirror to the value of commodity A.[1] By putting itself in relation with commodity B, as value in *propria persona*, as the matter of which human labour is made up, the commodity A converts the value in use, B, into the substance in which to express its, A's, own value. The value of A, thus expressed in the use-value of B, has taken the form of relative value.

(b) *Quantitative determination of Relative value.*

Every commodity, whose value it is intended to express, is a useful object of given quantity, as 15 bushels of corn, or 100 lbs. of coffee. And a given quantity of any commodity contains a definite quantity of human labour. The value-form must therefore not only express value generally, but also value in definite quantity. Therefore, in the value relation of commodity A to commodity B, of the linen to the coat, not only is the latter, as value in general, made the equal in quality of the linen, but a definite quantity of coat (1 coat) is made the equivalent of a definite quantity (20 yards) of linen.

The equation, 20 yards of linen = 1 coat, or 20 yards of linen are worth one coat, implies that the same quantity of value-substance (congealed labour) is embodied in both; that the two commodities have each cost the same amount of labour or the same quantity of labour time. But the labour time necessary for the production of 20 yards of linen or 1 coat varies with every change in the productiveness of weaving or tailoring. We have now to consider the influence of such changes on the quantitative aspect of the relative expression of value.

I. Let the value of the linen vary,[2] that of the coat remaining constant. If, say in consequence of the exhaustion of flax-growing soil, the labour time necessary for the production of the linen be doubled, the value of the linen will also be doubled. Instead of the equation, 20 yards of linen = 1 coat, we should have 20 yards of linen = 2 coats, since 1 coat would now contain only half the labour time embodied in 20 yards of linen. If, on the other hand, in consequence, say, of improved looms, this labour time be reduced by one half, the value of the linen would fall by one half. Consequently, we should have 20

[1] In a sort of way, it is with man as with commodities. Since he comes into the world neither with a looking glass in his hand, nor as a Fichtian philosopher, to whom "I am I" is sufficient, man first sees and recognises himself in other men. Peter only establishes his own identity as a man by first comparing himself with Paul as being of like kind. And thereby Paul, just as he stands in his Pauline personality, becomes to Peter the type of the genus homo.

[2] Value is here, as occasionally in the preceding pages, used in the sense of value determined as to quantity, or of magnitude of value.

yards of linen=½ coat. The relative value of commodity A, *i.e.*, its value expressed in commodity B, rises and falls directly as the value of A, the value of B being supposed constant.

II. Let the value of the linen remain constant, while the value of the coat varies. If, under these circumstances, in consequence, for instance, of a poor crop of wool, the labour time necessary for the production of a coat becomes doubled, we have instead of 20 yards of linen=1 coat, 20 yards of linen =½ coat. If, on the other hand, the value of the coat sinks by one half, then 20 yards of linen=2 coats. Hence, if the value of commodity A remain constant, its relative value expressed in commodity B rises and falls inversely as the value of B.

If we compare the different cases in I. and II., we see that the same change of magnitude in relative value may arise from totally opposite causes. Thus, the equation, 20 yards of linen =1 coat, becomes 20 yards of linen=2 coats, either, because the value of the linen has doubled, or because the value of the coat has fallen by one half; and it becomes 20 yards of linen =½ coat, either, because the value of the linen has fallen by one half, or because the value of the coat has doubled.

III. Let the quantities of labour time respectively necessary for the production of the linen and the coat vary simultaneously in the same direction and in the same proportion. In this case 20 yards of linen continue equal to 1 coat, however much their values may have altered. Their change of value is seen as soon as they are compared with a third commodity, whose value has remained constant. If the values of all commodities rose or fell simultaneously, and in the same proportion, their relative values would remain unaltered. Their real change of value would appear from the diminished or increased quantity of commodities produced in a given time.

IV. The labour time respectively necessary for the production of the linen and the coat, and therefore the value of these commodities may simultaneously vary in the same direction, but at unequal rates, or in opposite directions, or in other ways. The effect of all these possible different variations, on the relative value of a commodity, may be deduced from the results of I., II., and III.

Thus real changes in the magnitude of value are neither unequivocally nor exhaustively reflected in their relative expression, that is, in the equation expressing the magnitude of relative value. The relative value of a commodity may vary, although its value remains constant. Its relative value

may remain constant, although its value varies; and finally, simultaneous variations in the magnitude of value and in that of its relative expression by no means necessarily correspond in amount[1]

3. *The Equivalent form of value.*

We have seen that commodity A (the linen), by expressing its value in the use-value of a commodity differing in kind (the coat), at the same time impresses upon the latter a specific form of value, namely that of the equivalent. The commodity linen manifests its quality of having a value by the fact that the coat, without having assumed a value form different from its bodily form, is equated to the linen. The fact that the latter therefore has a value is expressed by saying that the coat is directly exchangeable with it. Therefore, when we say that a commodity is in the equivalent form, we express the fact that it is directly exchangeable with other commodities.

When one commodity, such as a coat, serves as the equivalent of another, such as linen, and coats consequently acquire the characteristic property of being directly exchangeable with linen, we are far from knowing in what proportion the two are exchangeable. The value of the linen being given in magnitude, that proportion depends on the value of the coat. Whether the coat serves as the equivalent and the linen as relative value, or the linen as the equivalent and the coat as relative value ,the magnitude of the coat's value is determined, independently of its value form, by the labour time necessary for its production. But whenever the coat assumes in the equation of value, the position of equivalent, its value acquires no quantitative expression; on the contrary, the commodity coat now figures only as a definite quantity of some article.

For instance, 40 yards of linen are worth what? 2 coats.

[1] This incongruity between the magnitude of value and its relative expression has, with customary ingenuity, been exploited by vulgar economists. For example—"Once admit that A falls, because B, with which it is exchanged, rises, while no less labour is bestowed in the meantime on A, and your general principle of value falls to the ground. . . . If he (Ricardo) allowed that when A rises in value relatively to B, B falls in value relatively to A, he cut away the ground on which he rested his grand proposition, that the value of a commodity is ever determined by the labour embodied in it; for if a change in the cost of A alters not only its own value in relation to B, for which it is exchanged, but also the value of B relatively to that of A, though no change has taken place in the quantity of labour to produce B, then not only the doctrine fell to the ground which asserts that the quantity of labour bestowed on an article regulates its value, but also that which affirms the cost of an article to regulate its value" (J. Broadhurst: Political Economy, London, 1842, p. 11 and 14.)

Mr. Broadhurst might just as well say: consider the fractions $\frac{10}{20}, \frac{10}{50}, \frac{10}{100}$, &c., the number 10 remains unchanged, and yet its proportional magnitude, its magnitude relatively to the numbers 20, 50, 100, &c., continually diminishes. Therefore the great principle that the magnitude of a whole number, such as 10, is "regulated" by the number of times unity is contained in it, falls to the ground.—(The author explains in section 4 of this chapter, p. 93, note 1, what he understands by "Vulgar Economy".—Ed.)

Because the commodity coat here plays the part of equivalent, because the use-value coat, as opposed to the linen, figures as an embodiment of value, therefore a definite number of coats suffices to express the definite quantity of value in the linen. Two coats may therefore express the quantity of value of 40 yards of linen, but they can never express the quantity of their own value. A superficial observation of this fact, namely, that in the equation of value, the equivalent figures exclusively as a simple quantity of some article, of some use-value, has misled Bailey, as also many others, both before and after him, into seeing, in the expression of value, merely a quantitative relation. The truth being, that when a commodity acts as equivalent, no quantitative determination of its value is expressed.

The first peculiarity that strikes us, in considering the form of the equivalent, is this: use-value becomes the form of manifestation, the phenomenal form of its opposite, value.

The bodily form of the commodity becomes its value form. But, mark well, that this quid pro quo exists in the case of any commodity B, only when some other commodity A enters into a value relation with it, and then only within the limits of this relation. Since no commodity can stand in the relation of equivalent to itself, and thus turn its own bodily shape into the expression of its own value, every commodity is compelled to choose some other commodity for its equivalent, and to accept the use-value, that is to say, the bodily shape of that other commodity as the form of its own value.

One of the measures that we apply to commodities as material substance, as use-values, will serve to illustrate this point. A sugar-loaf being a body, is heavy, and therefore has weight: but we can neither see nor touch this weight. We then take various pieces of iron, whose weight has been determined beforehand. The iron, as iron, is no more the form of manifestation of weight, than is the sugar-loaf. Nevertheless, in order to express the sugar-loaf as so much weight, we put it into a weight-relation with the iron. In this relation, the iron officiates as a body representing nothing but weight. A certain quantity of iron therefore serves as the measure of the weight of the sugar, and represents, in relation to the sugar-loaf, weight embodied, the form of manifestation of weight. This part is played by the iron only within this relation, into which the sugar or any other body, whose weight has to be determined, enters with the iron. Were they not both heavy, they could not enter into this relation, and the one could therefore not serve as the expression of the weight of the other. When we throw both into the scales, we see in reality,

that as weight they are both the same, and that, therefore, when taken in proper proportions, they have the same weight. Just as the substance iron, as a measure of weight, represents in relation to the sugar-loaf weight alone, so, in our expression of value, the material object, coat, in relation to the linen, represents value alone .

Here, however, the analogy ceases. The iron, in the expression of the weight of the sugar-loaf, represents a natural property common to both bodies, namely their weight; but the coat in the expression of value of the linen, represents a non-natural property of both, something purely social, namely, their value.

Since the relative form of value of a commodity—the linen, for example—expresses the value of that commodity, as being something wholly different from its substance and properties, as being, for instance, coat-like ,we see that this expression itself indicates that some social relation lies at the bottom of it. With the equivalent form it is just the contrary. The very essence of this form is that the material commodity itself—the coat—just is it is, expresses value, and is endowed with the form of value by Nature itself. Of course this holds good only so long as the value relation exists, in which the coat stands in the position of equivalent to the linen[1] Since, however, the properties of a thing are not the result of its relations to other things, but only manifest themselves in such relations, the coat seems to be endowed with its equivalent form, its property of being directly exchangeable, just as much by Nature as it is endowed with the property of being heavy, or the capacity to keep us warm. Hence the enigmatical character of the equivalent form which escapes the notice of the bourgeois political economist, until this form, completely developed, confronts him in the shape of money. He then seeks to explain away the mystical character of gold and silver, by substituting for them less dazzling commodities, and by reciting, with ever renewed satisfaction, the catalogue of all possible commodities which at one time or another have played the part of equivalent He has not the least suspicion that the most simple expression of value, such as 20 yds. of linen=1 coat, already propounds the riddle of the equivalent form for our solution.

The body of the commodity that serves as the equivalent, figures as the materialism of human labour in the abstract

[1]Such expressions of relations in general, called by Hegel reflex-categories, form a very curious class. For instance, one man is king only because other men stand in the relation of subjects to him. They, on the contrary, imagine that they are subjects because he is king.

and is at the same time the product of some specifically useful concrete labour. This concrete labour becomes, therefore, the medium for expressing abstract human labour. If on the one hand the coat ranks as nothing but the embodiment of abstract human labour, so, on the other hand, the tailoring which is actually embodied in it, counts as nothing but the form under which that abstract labour is realised. In the expression of value of the linen, the utility of the tailoring consists, not in making clothes, but in making an object, which we at once recognise to be Value, and therefore to be a congelation of labour, but of labour indistinguishable from that realised in the value of the linen. In order to act as such a mirror of value, the labour of tailoring must reflect nothing besides its own abstract quality of being human labour generally.

In tailoring, as well as in weaving, human labour-power is expended. Both, therefore, possess the general property of being human labour, and may, therefore, in certain cases, such as in the production of value, have to be considered under this aspect alone. There is nothing mysterious in this. But in the expression of value there is a complete turn of the tables. For instance, how is the fact to be expressed that weaving creates the value of the linen, not by virtue of being weaving, as such, but by reason of its general property of being human labour? Simply by opposing to weaving that other particular form of concrete labour (in this instance tailoring), which produces the equivalent of the product of weaving. Just as the coat in its bodily form became a direct expression of value, so now does tailoring, a concrete form of labour, appear as the direct and palpable embodiment of human labour generally.

Hence, the second peculiarity of the equivalent form is, that concrete labour becomes the form under which its opposite, abstract human labour, manifests itself.

But because this concrete labour, tailoring in our case, ranks as, and is directly identified with, undifferentiated human labour, it also ranks as identical with any other sort of labour, and therefore with that embodied in linen. Consequently, although, like all other commodity-producing labour, it is the labour of private individuals, yet, at the same time, it ranks as labour directly social in its character. This is the reason why it results in a product directly exchangeable with other commodities. We have then a third peculiarity of the Equivalent form, namely, that the labour of private individuals takes the form of its opposite, labour directly social in its form.

The two latter peculiarities of the Equivalent form will become more intelligible if we go back to the great thinker who was the first to analyse so many forms, whether of thought, society, or nature, and amongst them also the form of value. I mean Aristotle.

In the first place, he clearly enunciates that the money form of commodities is only the further development of the simple form of value—*i.e.*, of the expression of the value of one commodity in some other commodity taken at random; for he says

5 beds = 1 house (κλίναι πέντε ἀντὶ οἰκίας) is not to be distinguished from

5 beds = so much money.

(κλίναι πέντε ἀντὶ . . . ὅσον αἱ πέντε κλίναι)

He further sees that the value relation which gives rise to this expression makes it necessary that the house should qualitatively be made the equal of the bed, and that, without such an equalization, these two clearly different things could not be compared with each other as commensurable quantities. "Exchange," he says, "cannot take place without equality, and equality not without commensurability" (οὐκ ἰσότης μὴ οὔσης συμμετρίας). Here, however, he comes to a stop, and gives up the further analysis of the form of value. "It is, however, in reality, impossible (τῇ μὲν οὖν ἀληθείᾳ ἀδύνατον) that such unlike things can be commensurable"—*i.e.*, qualitatively equal. Such an equalisation can only be something foreign to their real nature, consequently only "a make-shift for practical purposes."

Aristotle therefore, himself, tells us, what barred the way to his further analysis; it was the absence of any concept of value. What is that equal something, that common substance, which admits of the value of the beds being expressed by a house? Such a thing, in truth, cannot exist, says Aristotle. And why not? Compared with the beds, the house does represent something equal to them, in so far as it represents what is really equal, both in the beds and the house. And that is—human labour.

There was, however, an important fact which prevented Aristotle from seeing that, to attribute value to commodities, is merely a mode of expressing all labour as equal human labour, and consequently as labour of equal quality. Greek society was founded upon slavery, and had, therefore, for its natural basis, the inequality of men and of their labour powers. The secret of the expression of value, namely, that all kinds of labour are equal and equivalent, because, and so far as they

are human labour in general, cannot be deciphered, until the notion of human equality has already acquired the fixity of a popular prejudice. This, however, is possible only in a society in which the great mass of the produce of labour takes the form of commodities, in which, consequently, the dominant relation between man and man, is that of owners of commodities. The brilliancy of Aristotle's genius is shown by this alone, that he discovered, in the expression of the value of commodities, a relation of equality. The peculiar conditions of the society in which he lived, alone prevented him from discovering what, "in truth," was at the bottom of this equality.

4. *The Elementary form of value considered as a whole.*

The elementary form of value of a commodity is contained in the equation, expressing its value relation to another commodity of a different kind, or in its exchange relation to the same. The value of commodity A is qualitatively expressed by the fact that commodity B is directly exchangeable with it. Its value is quantitively expressed by the fact, that a definite quantity of B is exchangeable with a definite quantity of A. In other words, the value of a commodity obtains independent and definite expression by taking the form of exchange value. When, at the beginning of this chapter, we said, in common parlance, that a commodity is both a use-value and an exchange value, we were, accurately speaking, wrong. A commodity is a use-value or object of utility, and a value. It manifests itself as this two-fold thing, that it is, as soon as its value assumes an independent form—viz., the form exchange value. It never assumes this form when isolated, but only when placed in a value or exchange relation with another commodity of a different kind. When once we know this, such a mode of expression does no harm; it simply serves as an abbreviation.

Our analysis has shown that the form or expression of the value of a commodity originates in the nature of value, and not that value and its magnitude originate in the mode of their expression as exchange value. This, however, is the delusion as well of the mercantilists and their recent revivors, Ferrier, Ganilh,[1] and others, as also of their antipodes, the modern bagmen of Free Trade, such as Bastiat. The mercantilists lay special stress on the qualitative aspect of the ex-

[1] F. L. Ferrier, sous-inspecteur des douanes, "Du gouvernement considere dans ses rapports avec le commerce," Paris, 1805; and Charles Ganilh, "Des Systemes d'Economie politique," 2nd ed., Paris, 1821

pression of value, and consequently on the equivalent form of commodities, which attains its full perfection in money. The modern hawkers of Free Trade, who must get rid of their article at any price, on the other hand, lay most stress on the quantitative aspect of the relative form of value. For them there consequently exists neither value, nor magnitude of value, anywhere except in its expression by means of the exchange relation of commodities, that is, in the daily list of prices current. MacLeod, who has taken upon himself to dress up the confused ideas of Lombard Street in the most learned finery, is a successful cross between the superstitious mercantilists and the enlightened Free Trade bagmen.

A close scrutiny of the expression of the value of A in terms of B, contained in the equation expressing the value relation of A to B, has shown us that, within that relation, the bodily form of A figures only as a use-value, the bodily form of B only as the form or aspect of value. The opposition or contrast existing internally in each commodity between use-value and value, is, therefore, made evident externally by two commodities being placed in such relation to each other, that the commodity whose value it is sought to express, figures directly as a mere use-value, while the commodity in which that value is to be expressed, figures directly as mere exchange value. Hence the elementary form of value of a commodity is the elementary form in which the contrast contained in that commodity, between use-value and value, becomes apparent.

Every product of labour is, in all states of society, a use-value; but it is only at a definite historical epoch in a society's development that such product becomes a commodity, viz., at the epoch when the labour spent on the production of a useful article becomes expressed as one of the objective qualities of that article, *i.e.*, as its value. It therefore follows that the elementary value-form is also the primitive form under which a product of labour appears historically as a commodity, and that the gradual transformation of such products into commodities, proceeds *pari passu* with the development of the value form.

We perceive, at first sight, the deficiencies of the elementary form of value: it is a mere germ, which must undergo a series of metamorphoses before it can ripen into the Price-form.

The expression of the value of commodity A in terms of any other commodity B, merely distinguishes the value from the use-value of A, and therefore places A merely in a relation of exchange with a single different commodity, B; but it is still far from expressing A's qualitative equality, and

quantitative proportionally, to all commodities. To the elementary relative value-form of a commodity, there corresponds the single equivalent form of one other commodity. Thus, in the relative expression of value of the linen, the coat assumes the form of equivalent, or of being directly exchangeable, only in relation to a single commodity, the linen.

Nevertheless, the elementary form of value passes by an easy transition into a more complete form. It is true that by means of the elementary form, the value of a commodity A, becomes expressed in terms of one, and only one, other commodity. But that one may be a commodity of any kind, coat, iron, corn, or anything else. Therefore, according as A is placed in relation with one or the other, we get for one and the same commodity, different elementary expressions of value.[1] The number of such possible expressions is limited only by the number of the different kinds of commodities distinct from it. The isolated expression of A's value, is therefore convertible into a series, prolonged to any length, of the different elementary expressions of that value.

B. Total or Expanded form of value.

z Com. A = u Com. B or = v Com. C or = w Com. D or = x Com. E or = &c.

(20 yards of linen = 1 coat or = 10 lb. tea or = 40 lb. coffee or = 1 quarter corn or = 2 ounces gold or = ½ ton iron or = &c.)

1. *The Expanded Relative form of value.*

The value of a single commodity, the linen, for example, is now expressed in terms of numberless other elements of the world of commodities. Every other commodity now becomes a mirror of the linen's value.[2] It is thus that for the first time

[1] In Homer, for instance, the value of an article is expressed in a series of different things. H, VII, 472-475.

[2] For this reason, we can speak of the coat-value of the linen when its value is expressed in coats, or of its corn-value when expressed in corn, and so on. Every such expression tells us, that what appears in the use values, coat, corn, &c., is the value of the linen. "The value of any commodity denoting its relation in exchange, we may speak of it as . . . corn-value, cloth-value, according to the commodity with which it is compared, and hence there are a thousand different kinds of value, as many kinds of value as there are commodities in existence, and all are equally real and equally nominal" (A Critical Dissertation on the Nature, Measure and Causes of Value, chiefly in reference to the writings of Mr. Ricardo and his followers. By the author of "Essays on the Formation, &c., of Opinions." London, 1825, p. 39.) S. Bailey, the author of this anonymous work, a work which in its day created much stir in England, fancied that, by thus pointing out the various relative expressions of one and the same value, he had proved the impossibility of any determination of the concept of value. However narrow his own views may have been, yet, that he laid his finger on some serious defects in the Ricardian Theory, is proved by the animosity with which he was attacked by Ricardo's followers. See the "Westminster Review" for example.

this value shows itself in its true light as a congelation of undifferentiated human labour. For the labour that creates it, now stands expressly revealed, as labour that ranks equally with every other sort of human labour *no matter* what its form, whether tailoring, ploughing, mining, &c., and no matter, therefore, whether it is realised *in* coats, corn, *iron*, or gold. The linen, by virtue of the form of its value now stands in a social relation *no longer* with *only* one other kind of commodity, but with the whole world of commodities. As a *commodity* it is a citizen *of* that world. At the same time, the interminable series of value equations implies, that as regards the value of a commodity, it is a matter of indifference under what particular form or kind, of use-value it appears.

In the first form, 20 yds. of linen = 1 coat, it might for ought that otherwise appears be pure accident that these two commodities are exchangeable in definite quantities. In the second form on the contrary, we perceive at once the background that determines, and is essentially different from, this accidental appearance. The value of the linen remains unaltered in magnitude, whether expressed in coats, coffee, or iron, or in numberless different commodities, the property of as many different owners. The accidental relation between two individual commodity-owners disappears. It becomes plain, that it is not the exchange of commodities which regulates the magnitude of their value; but, on the contrary, that it is the magnitude of their value which controls their exchange proportions.

2. *The particular Equivalent form.*

Each commodity, such as coat, tea, corn, iron, &c., figures in the expression of value of the linen as an equivalent and consequently as a thing that is value. The bodily form of each of these commodities figures now as a particular equivalent form, one out of many. In the same way the manifold concrete useful kinds of labour, embodied in these different commodities, rank now as so many different forms of the realisation, or manifestation, of undifferentiated human labour.

3. *Defects of the Total or Expanded form of value.*

In the first place, the relative expression of value is incomplete because the series representing it is interminable. The chain of which each equation of value is a link, is liable at any moment to be lengthened by each new kind of commodity that comes into existence and furnishes the material for a fresh

expression of value. In the second place it is a many coloured mosaic of disparate and independent expressions of value. And lastly, if, as must be the case, the relative value of each commodity in turn, becomes expressed in this expanded form, we get for each of them a relative value-form, different in every case, and consisting of an interminable series of expressions of value. The defects of the expanded relative-value form are reflected in the corresponding equivalent form. Since the bodily form of each single commodity is one particular equivalent form amongst numberless others, we have, on the whole, nothing but fragmentary equivalent forms, each excluding the others. In the same way, also, the special, concrete, useful kind of labour embodied in each particular equivalent, is presented only as a particular kind of labour, and therefore not as an exhaustive representative of human labour generally. The latter, indeed, gains adequate manifestation in the totality of its manifold, particular, concrete forms. But, in that case, its expression in an infinite series is ever incomplete and deficient in unity.

The expanded relative value form is, however, nothing but the sum of the elementary relative expressions or equations of the first kind, such as

20 yards of linen=1 coat
20 yards of linen=10 lbs. of tea, etc.

Each of these implies the corresponding inverted equation,

1 coat=20 yards of linen
10 lbs. of tea=20 yards of linen, etc.

In fact, when a person exchanges his linen for many other commodities, and thus expresses its value in a series of other commodities, it necessarily follows, that the various owners of the latter exchange them for the linen, and consequently express the value of their various commodities in one and the same third commodity, the linen. If then, we reverse the series, 20 yards of linen= 1 coat or 10 lbs. of tea, etc., that is to say, if we give expression to the converse relation already implied in the series, we get,

C. The General form of value.

1 coat
10 lbs. of tea
40 lbs. of coffee
1 quarter of corn
2 ounces of gold
½ a ton of iron
x com. A. etc.
} =20 yards of linen

1. *The altered character of the form of value.*

All commodities now express their value (1) in an elementary form, because in a single commodity; (2) with unity, because in one and the same commodity. This form of value is elementary and the same for all, therefore general.

The forms A and B were fit only to express the value of a commodity as something distinct from its use-value or material form.

The first form, A, furnishes such equations as the following: 1 coat = 20 yards of linen, 10 lbs. of tea = ½ ton of iron.

The value of the coat is equated to linen, that of the tea to iron. But to be equated to linen, and again to iron, is to be as different as are linen and iron. This form, it is plain, occurs practically only in the first beginning, when the products of labour are converted into commodities by accidental and occasional exchanges.

The second form, B, distinguishes, in a more adequate manner than the first, the value of a commodity from its use-value; for the value of the coat is there placed in contrast under all possible shapes with the bodily form of the coat; it is equated to linen, to iron, to tea, in short, to everything else, only not to itself, the coat. On the other hand, any general expression of value common to all is directly excluded; for, in the equation of value of each commodity, all other commodities now appear only under the form of equivalents. The expanded form of value comes into actual existence for the first time so soon as a particular product of labour, such as cattle, is no longer exceptionally, but habitually, exchanged for various other commodities.

The third and lastly developed form expresses the values of the whole world of commodities in terms of a single commodity set apart for the purpose, namely, the linen, and thus represents to us their values by means of their equality with linen. The value of every commodity is now, by being equated to linen, not only differentiated from its own use-value, but from all other use-values generally, and is, by that very fact, expressed as that which is common to all commodities. By this form, commodities are, for the first time, effectively brought into relation with one another as values, or made to appear as exchange values.

The two earlier forms either express the value of each commodity in terms of a single commodity of a different kind, or in a series of many such commodities. In both cases, it is, so to say, the special business of each single commodity to find an

expression for its value, and this it does without the help of the others. These others, with respect to the former, play the passive parts of equivalents. The general form of value C, results from the joint action of the whole world of commodities, and from that alone. A commodity can acquire a general expression of its value only by all other commodities, simultaneously with it, expressing their values in the same equivalent; and every new commodity must follow suit. It thus becomes evident that, since the existence of commodities as values is purely social, this social existence can be expressed by the totality of their social relations alone, and consequently that the form of their value must be a socially recognised form.

All commodities being equated to linen now appear not only as qualitatively equal as values generally, but also as values whose magnitudes are capable of comparison. By expressing the magnitudes of their values in one and the same material, the linen, those magnitudes are also compared with each other. For instance, 10 lbs. of tea—20 yards of linen, and 40 lbs. of coffee—20 yards of linen. Therefore, 10 lbs. of tea—40 lbs. of coffee. In other words, there is contained in 1 lb. of coffee only one-fourth as much substance of value—labour—as is contained in 1 lb. of tea.

The general form of relative value, embracing the whole world of commodities, converts the single commodity that is excluded from the rest, and made to play the part of equivalent —here the linen—into the universal equivalent. The bodily form of the linen is now the form assumed in common by the value of all commodities; it therefore becomes directly exchangeable with all and every one of them. The substance linen becomes the visible incarnation, the social chrysalis state of every kind of human labour. Weaving, which is the labour of certain private individuals producing a particular article, linen, acquires in consequence a social character, the character of equality with all other kinds of labour. The innumerable equations of which the general form of value is composed, equate in turn the labour embodied in the linen to that embodied in every other commodity, and they thus convert weaving into the general form of manifestation of undifferentiated human labour. In this manner the labour realised in the values of commodities is presented not only under its negative aspect, under which abstraction is made from every concrete form and useful property of actual work, but its own positive nature is made to reveal itself expressly. The

general value form is the reduction of all kinds of actual labour to their common character of being human labour generally, of being the expenditure of human labour power.

The general value form, which represents all products of labour as mere congelations of undifferentiated human labour, shows by its very structure that it is the social resumé of the world of commodities. That form consequently makes it indisputably evident that in the world of commodities the character possessed by all labour of being *human* labour constitutes its specific social character.

2. *The interdependent development of the Relative form of value, and of the Equivalent form.*

The degree of development of the relative form of value corresponds to that of the equivalent form. But we must bear in mind that the development of the latter is only the expression and result of the development of the former.

The primary or isolated relative form of value of one commodity converts some other commodity into an isolated equivalent. The expanded form of relative value, which is the expression of the value of one commodity in terms of all other commodities, endows those other commodities with the character of particular equivalents differing in kind. And lastly, a particular kind of commodity acquires the character of universal equivalent, because all other commodities make it the material in which they uniformly express their value.

The antagonism between the relative form of value and the equivalent form, the two poles of the value form, is developed concurrently with that form itself.

The first form, 20 yards of linen—one coat already contains this antagonism, without as yet fixing it. According as we read this equation forwards or backwards, the parts played by the linen and the coat are different. In the one case the relative value of the linen is expressed in the coat, in the other case the relative value of the coat is expressed in the linen. In this first form of value, therefore, it is difficult to grasp the polar contrast.

Form B shows that only one single commodity at a time can completely expand its relative value, and that it acquires this expanded form only because, and in so far as, all other commodities are, with respect to it, equivalents. Here we cannot reverse the equation, as we can the equation 20 yds. of linen = 1 coat, without altering its general character, and converting it from the expanded form of value into the general form of value.

Finally, the form C gives to the world of commodities a general social relative form of value, because, and in so far as, thereby all commodities, with the exception of one, are excluded from the equivalent form. A single commodity, the linen, appears therefore to have acquired the character of direct exchangeability with every other commodity because, and in so far as, this character is denied to every other commodity.[1]

The commodity that figures as universal equivalent, is, on the other hand, excluded from the relative value form. If the linen, or any other commodity serving as universal equivalent, were, at the same time, to share in the relative form of value, it would have to serve as its own equivalent. We should then have 20 yds. of linen = 20 yds. of linen; this tautology expresses neither value, nor magnitude of value. In order to express the relative value of the universal equivalent, we must rather reverse the form C. This equivalent has no relative form of value in common with other commodities, but its value is relatively expressed by a never ending series of other commodities. Thus, the expanded form of relative value, or form B, now shows itself as the specific form of relative value for the equivalent commodity.

3. *Transition from the General form of value to the Money form.*

The universal equivalent form is a form of value in general. It can, therefore, be assumed by any commodity. On the other hand, if a commodity be found to have assumed the universal equivalent form (form C), this is only because and in so far as it has been excluded from the rest of all other commodities as their equivalent, and that by their own act. And from the moment that this exclusion becomes finally restricted to one particular commodity, from that moment

[1] It is by no means self-evident that this character of direct and universal exchangeability is, so to speak, a polar one, and as intimately connected with its opposite pole, the absence of direct exchangeability, as the positive pole of the magnet is with its negative counterpart. It may therefore be imagined that all commodities can simultaneously have this character impressed upon them just as it can be imagined that all Catholics can be popes together. It is, of course, highly desirable in the eyes of the petit bourgeois, for whom the production of commodities is the ne plus ultra of human freedom and individual independence, that the inconveniences resulting from this character of commodities not being directly exchangeable, should be removed. Proudhon's socialism is a working out of this Philistine Utopia, a form of socialism which, as I have elsewhere shown, does not possess even the merit of originality. Long before his time, the task was attempted with much better success by Gray, Bray and others. But, for all that, wisdom of this kind flourishes even now in certain circles under the name of "science." Never has any school played more tricks with the word science, than that of Proudhon, for

"wo Begriffe fehlen
Da stellt zur rechten Zeit ein Wort sich ein."

only, the general form of relative value of the world of commodities obtains real consistence and general social validity.

The particular commodity, with whose bodily form the equivalent form is thus socially identified, now becomes the money commodity, or serves as money. It becomes the special social function of that commodity, and consequently its social monopoly, to play within the world of commodities the part of the universal equivalent. Amongst the commodities which, in form B, figure as particular equivalents of the linen, and in form C, express in common their relative values in linen, this foremost place has been attained by one in particular—namely, gold. If, then, in form C we replace the linen by gold, we get,

D. *The Money form.*

20 yards of linen	=	)	
1 coat	=	)	
10 lb. of tea	=	)	
40 lbs. of coffee	=	)	2 ounces of gold.
1 qr. of corn	=	)	
½ a ton of iron	=	)	
x commodity A	=	)	

In passing from form A to form B, and from the latter to form C, the changes are fundamental. On the other hand, there is no difference between forms C and D, except that, in the latter, gold has assumed the equivalent form in the place of linen. Gold is in form D, what linen was in form C—the universal equivalent. The progress consists in this alone, that the character of direct and universal exchangeability—in other words, that the universal equivalent form—has now, by social custom, become *finally* identified with the substance, gold.

Gold is now money with reference to all other commodities only because it was previously, with reference to them, a simple commodity. Like all other commodities, it was also capable of serving as an equivalent, either as simple equivalent in isolated exchanges, or as particular equivalent by the side of others. Gradually it began to serve, within varying limits, as universal equivalent. So soon as it monopolises this position in the expression of value for the world of commodities, it becomes the money commodity, and then, and not till then, does form D become distinct from form C, and the general form of value become changed into the money form.

The elementary expression of the relative value of a single commodity, such as linen, in terms of the commodity, such as gold, that plays the part of money, is the price form of that

commodity. The price form of the linen is therefore

20 yards of linen=2 ounces of gold, or, if 2 ounces of gold when coined are £2, 20 yards of linen=£2.

The difficulty in forming a concept of the money form, consists in clearly comprehending the universal equivalent form, and as a necessary corollary, the general form of value, from C. The latter is deducible from form B, the expanded form of value, the essential component element of which, we saw, is form A, 20 yards of linen = 1 coat or x commodity A = y commodity B. The simple commodity form is therefore the germ of the money form.

SECTION 4.—THE FETISHISM OF COMMODITIES AND THE SECRET THEREOF.

A commodity appears, at first sight, a very trivial thing, and easily understood. Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological niceties. So far as it is a value in use, there is nothing mysterious about it, whether we consider it from the point of view that by its properties it is capable of satisfying human wants, or from the point that those properties are the product of human labour. It is as clear as noon-day, that man, by his industry, changes the forms of the materials furnished by nature, in such a way as to make them useful to him. The form of wood, for instance, is altered, by making a table out of it. Yet, for all that the table continues to be that common, every-day thing, wood. But, so soon as it steps forth as a commodity, it is changed into something transcendent. It not only stands with its feet on the ground, but, in relation to all other commodities, it stands on its head, and evolves out of its wooden brain grotesque ideas, far more wonderful than "table-turning" ever was.

The mystical character of commodities does not originate, therefore, in their use-value. Just as little does it proceed from the nature of the determining factors of value. For, in the first place however varied the useful kinds of labour, or productive activities, may be, it is a physiological fact that they are functions of the human organism, and that each such function, whatever may be its nature or form, is essentially the expenditure of human brain, nerves, muscles, &c. Secondly, with regard to that which forms the ground work for the quantitative determination of value, namely, the duration of that expenditure, or the quantity of labour, it is quite clear that there is a palpable difference between its quantity and quality. In all states of society, the labour-time that it costs

to produce the means of subsistence must necessarily be an object of interest to mankind, though not of equal interest in different stages of development.[1] And lastly, from the moment that men in any way work for one another, their labour assumes a social form.

Whence, then, arises the enigmatical character of the product of labour, so soon as it assumes the form of commodities? Clearly from this form itself. The equality of all sorts of human labour is expressed objectively by their products all being equally values; the measure of the expenditure of labour-power by the duration of that expenditure, takes the form of the quantity of value of the products of labour; and finally, the mutual relations of the producers, within which the social character of their labour affirms itself, take the form of a social relation between the products.

A commodity is therefore a mysterious thing, simply because in it the social character of men's labour appears to them as an objective character stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour. This is the reason why the products of labour become commodities, social things whose qualities are at the same time perceptible and imperceptible by the senses. In the same way the light from an object is perceived by us not as the subjective excitation of our optic nerve, but as the objective form of something outside the eye itself. But, in the act of seeing, there is at all events, an actual passage of light from one thing to another, from the external object to the eye. There is a physical relation between physical things. But it is different with commodities. There, the existence of the things *qua* commodities, and the value relation between the products of labour which stamps them as commodities, have absolutely no connection with their physical properties and with the material relations arising therefrom. There it is a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things. In order, therefore, to find an analogy, we must have recourse to the mist-enveloped regions of the religious world. In that world the productions of the human brain appear as independent things endowed with life, and entering into relation both with one another and the human race. So it is in the

[1] Among the ancient Germans the unit for measuring land was what could be harvested in a day, and was called Tagwerk, Tagwanne (jurnale, or terra jurnalis, or diornalis), Mannsmaad, &c. (See G. L. von Maurer Einleitung zur Geschichte der Mark—, &c. Verfassung, Munchen, 1859, p. 129-59.)

world of commodities with the products of men's hands. This I call the Fetishism which attaches itself to the products of labour, so soon as they are produced as commodities, and which is therefore inseparable from the production of commodities.

This Fetishism of commodities has its origin, as the foregoing analysis has already shown, in the peculiar social character of the labour that produces them.

As a general rule, articles of utility become commodities, only because they are products of the labour of private individuals or groups of individuals who carry on their work independently of each other. The sum total of the labour of all these private individuals forms the aggregate labour of society. Since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer's labour does not show itself except in the act of exchange. In other words, the labour of the individual asserts itself as a part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers. To the latter, therefore the relations connecting the labour of one individual with that of the rest appear, not as direct social relations between individuals at work, but as what they really are, material relations between persons and social relations between things. It is only by being exchanged that the products of labour acquire, as values, one uniform social status, distinct from their varied forms of existence as objects of utility. This division of a product into a useful thing and a value becomes practically important, only when exchange has acquired such an extension that useful articles are produced for the purpose of being exchanged, and their character as values therefore to be taken into account, beforehand, during production. From this moment the labour of the individual producer acquires socially a two-fold character. On the one hand, it must, as a definite useful kind of labour, satisfy a definite social want, and thus hold its place as part and parcel of the collective labour of all, as a branch of a social division of labour that has sprung up spontaneously. On the other hand, it can satisfy the manifold wants of the individual producer himself, only in so far as the mutual exchangeability of all kinds of useful private labour is an established social fact, and therefore the private useful labour of each producer ranks on an equality with that of all others. The equalization of the most different kinds of

labour can be the result only of an abstraction from their inequalities, or of reducing them to their common denominator, viz., expenditure of human labour power or human labour in the abstract. The two-fold social character of the labour of the individual appears to him, when reflected in his brain, only under those forms which are impressed upon that labour in everyday practice by the exchange of products. In this way, the character that his own labour possesses of being socially useful takes the form of the condition, that the product must be not only useful, but useful for others, and the social character that his particular labour has of being the equal of all other particular kinds of labour, takes the form that all the physically different articles that are the products of labour, have one common quality, viz., that of having value.

Hence, when we bring the products of our labour into relation with each other as values, it is not because we see in these articles the material receptacles of homogeneous human labour. Quite the contrary; whenever, by an exchange, we equate as values our different products, by that very act, we also equate, as human labour, the different kinds of labour expended upon them. We are not aware of this, nevertheless we do it.[1] Value, therefore, does not stalk about with a label describing what it is. It is value, rather, that converts every product into a social hieroglyphic. Later on, we try to decipher the heiroglyphic, to get behind the secret of our own social products; for to stamp an object of utility as a value, is just as much a social product as language. The recent scientific discovery, that the products of labour, so far as they are values, are but material expressions of the human labour spent in their production, marks, indeed, an epoch in the history of the development of the human race, but, by no means, dissipates the mist through which the social character of labour appears to us to be an objective character of the products themselves. the fact, that in the particular form of production with which we are dealing, viz., the production of commodities, the specific social character of private labour carried on independently, consists in the equality of every kind of that labour, by virtue of its being human labour, which character, therefore, assumes in the product the form of value—this fact appears to the producers, notwithstanding the discovery above referred to,

[1] When, therefore, Galiani says: Value is a relation between persons—"La Richezza è una ragione tra due persone,"—he ought to have added: a relation between persons expressed as a relation between things. (Galiani: Della Moneta, p. 221, V. III of Custodi's collection of "Scrittori Classici Italiani di Economia Politicia." Parte Moderna, Milano, 1803.)

to be just as real and final, as the fact, that, after the discovery by science of the component gases of air, the atmosphere itself remained unaltered.

What, first of all, practically concerns producers when they make an exchange, is the question, how much of some other product they get for their own? in what proportions the products are exchangeable? When these proportions have, by custom, attained a certain stability, they appear to result from the nature of the products, so that, for instance, one ton of iron and two ounces of gold appear as naturally to be of equal value as a pound of gold and a pound of iron in spite of their different physical and chemical qualities appear to be of equal weight. The character of having value, when once impressed upon products, obtains fixity only by reason of their acting and re-acting upon each other as quantities of value. These quantities vary continually, independently of the will, foresight and action of the producers. To them, their own social action takes the form of the action of objects, which rule the producers instead of being ruled by them. It requires a fully developed production of commodities before, from accumulated experience alone, the scientific conviction springs up, that all the different kinds of private labour, which are carried on independently of each other, and yet as spontaneously developed branches of the social division of labour, are continually being reduced to the quantitive proportions in which society requires them. And why? Because, in the midst of all the accidental and ever fluctuating exchange-relations between the products, the labour-time socially necessary for their production forcibly asserts itself like an over-riding law of nature. The law of gravity thus asserts itself when a house falls about our ears.[1] The determination of the magnitude of value by labour-time is therefore a secret, hidden under the apparent fluctuations in the relative values of commodities. Its discovery, while removing all appearance of mere accidentality from the determination of the magnitude of the values of products, yet in no way alters the mode in which that determination takes place.

Man's reflections on the forms of social life, and consequently, also, his scientific analysis of those forms, takes a course directly opposite to that of their actual historical de-

[1] "What are we to think of a law that asserts itself only by periodical revolutions? It is just nothing but a law of Nature, founded on the want of knowledge of those whose action is the subject of it." (Friedrich Engels. "Umrisse zu einer Kritik der Nationalökonomie," in the "Deutsch französische Jahrbücher," edited by Arnold Ruge and Karl Marx. Paris, 1844.

velopment. He begins, post festum, with the results of the process of development ready to hand before him. The characters that stamp products as commodities, and whose establishment is a necessary preliminary to the circulation of commodities, have already acquired the stability of natural, self understood forms of social life, before man seeks to decipher, not their historical character, for in his eyes they are immutable, but their meaning. Consequently it was the analysis of the prices of commodities that alone led to the determination of the magnitude of value, and it was the common expression of all commodities in money that alone led to the establishment of their characters as values. It is, however, just this ultimate money form of the world of commodities that actually conceals, instead of disclosing, the social character of private labour, and the social relations between the individual producers. When I state that coats or boots stand in a relation to linen, because it is the universal incarnation of abstract human labour, the absurdity of the statement is self-evident. Nevertheless, when the producers of coats and boots compare those articles with linen, or, what is the same thing, with gold or silver, as the universal equivalent, they express the relation between their own private labour and the collective labour of society in the same absurd form.

The categories of bourgeois economy consist of such like forms. They are forms of thought expressing with social validity the conditions and relations of a definite, historically determined mode of production, viz., the production of commodities. The whole mystery of commodities, all the magic and necromancy that surrounds the products of labour as long as they take the form of commodities, vanishes therefore, so soon as we come to other forms of production.

Since Robinson Crusoe's experiences are a favorite theme with political economists,[1] let us take a look at him on his island. Moderate though he be, yet some few wants he has to satisfy, and must therefore do a little useful work of various sorts, such as making tools and furniture, taming goats, fishing and hunting. Of his prayers and the like we take no ac-

[1]Even Ricardo has his stories à la Robinson. "He makes the primitive hunter and the primitive fisher straightway, as owners of commodities, exchange fish and game in the proportion in which labour time is incorporated in these exchange values. On this occasion he commits the anachronism of making these men apply to the calculation, so far as their implements have to be taken into account, the annuity tables in current use on the London Exchange in the year 1817. "The parallelograms of Mr. Owen's appear to be the only form of society, besides the bourgeois form, with which he was acquainted." (Karl Marx "Critique," &c., p. 69-70.)

count, since they are a source of pleasure to him, and he looks upon them as so much recreation. In spite of the variety of his work, he knows that his labour, whatever its form, is but the activity of one and the same Robinson, and consequently, that it consists of nothing but different modes of human labour. Necessity itself compels him to apportion his time accurately between his different kinds of work. Whether one kind occupies a greater space in his general activity than another, depends on the difficulties, greater or less as the case may be, to be overcome in attaining the useful effect aimed at. This our friend Robinson soon learns by experience, and having rescued a watch, ledger, and pen and ink from the wreck, commences, like a true-born Briton, to keep a set of books. His stock-book contains a list of the objects of utility that belong to him, of the operations necessary for their production; and lastly, of the labour time that definite quantities of those objects have, on an average, cost him. All the relations between Robinson and the objects that form this wealth of his own creation, are here so simple and clear as to be intelligible without exertion, even to Mr. Sedley Taylor. And yet those relations contain all that is essential to the determination of value.

Let us now transport ourselves from Robinson's island bathed in light to the European middle ages shrouded in darkness. Here, instead of the independent man, we find everyone dependent, serfs and lords, vassals and suzerains, laymen and clergy. Personal dependence here characterises the social relations of production just as much as it does the other spheres of life organized on the basis of that production. But for the very reason that personal dependence forms the ground work of society, there is no necessity for labour and its products to assume a fantastic form different from their reality. They take the shape, in the transactions of society, of services in kind and payments in kind. Here the particular and natural form of labour, and not, as in a society based on production of commodities, its general abstract form is the immediate social form of labour. Compulsory labour is just as properly measured by time, as commodity-producing labour; but every serf knows that what he expends in the service of his lord, is a definite quantity of his own personal labour-power. The tithe to be rendered to the priest is more matter of fact than his blessing. No matter, then, what we may think of the parts played by the different classes of people themselves in this society, the social relations between individuals in the performance of their labour, appear at all

events as their own mutual personal relations, and are not disguised under the shape of social relations between the products of labour.

For an example of labour in common or directly associated labour, we have no occasion to go back to that spontaneously developed form which we find on the threshold of the history of all civilised races.[1] We have one close at hand in the patriarchal industries of a peasant family, that produces corn, cattle, yarn, linen, and clothing for home use. These different articles are, as regards the family, so many products of its labour, but as between themselves, they are not commodities. The different kinds of labour, such as tillage, cattle tending, spinning, weaving and making clothes, which result in the various products, are in themselves, and such as they are, direct social functions, because functions of the family, which just as much as a society based on the production of commodities, possesses a spontaneously developed system of division of labour. The distribution of the work within the family, and the regulation of the labour-time of the several members, depend as well upon differences of age and sex as upon natural conditions varying with the seasons. The labour-power of each individual, by its very nature, operates in this case merely as a definite portion of the whole labour-power of the family, and therefore, the measure of the expenditure of individual labour-power by its duration, appears here by its very nature as a social character of their labour.

Let us now picture to ourselves, by way of change, a community of free individuals, carrying on their work with the means of production in common, in which the labour-power of all the different individuals is consciously applied as the combined labour-power of the community. All the characteristics of Robinson's labour are here repeated, but with this difference, that they are social, instead of individual. Everything produced by him was exclusively the result of his own personal labour, and therefore simply an object of use for himself. The total product of our community is a social product. One portion serves as fresh means of production

[1] "A ridiculous presumption has latterly got abroad that common property in its primitive form is specifically a Slavonian, or even exclusively Russian form. It is the primitive form that we can prove to have existed amongst Romans, Teutons, and Celts, and even to this day we find numerous examples, ruins though they be, in India. A more exhaustive study of Asiatic, and especially of Indian forms of common property, would show how from the different forms of primitive common property, different forms of its dissolution have been developed. Thus, for instance, the various original types of Roman and Teutonic private property are deducible from different forms of Indian common property." (*Karl Marx.* "Critique," &c., p. 29, *footnote.*)

and remains social. But another portion is consumed by the members as means of subsistence. A distribution of this portion amongst them is consequently necessary. The mode of this distribution will vary with the productive organization of the community, and the degree of historical development attained by the producers. We will assume, but merely for the sake of a parallel with the production of commodities, that the share of each individual producer in the means of subsistence is determined by his labour-time. Labour-time would, in that case, play a double part. Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of the common labour borne by each individual and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution.

The religious world is but the reflex of the real world. And for a society based upon the production of commodities, in which the producers in general enter into social relations with one another by treating their products as commodities and values, whereby they reduce their individual private labour to the standard of homogeneous human labour — for such a society, Christianity with its *cultus* of abstract man, more especially in its bourgeois developments, Protestantism, Deism, &c., is the most fitting form of religion. In the ancient Asiatic and other ancient modes of production, we find that the conversion of products into commodities, and therefore the conversion of men into producers of commodities, holds a subordinate place, which, however, increases in importance as the primitive communities approach nearer and nearer to their dissolution. Trading nations, properly so called, exist in the ancient world only in its interstices, like the gods of Epicurus in the Intermundia, or like Jews in the pores of Polish society. Those ancient social organisms of production are, as compared with bourgeois society, extremely simple and transparent. But they are founded either on the immature development of man individually, who has not yet severed the umbilical cord that unites him with his fellow men in a primitive tribal community, or upon direct relations of subjection. They can arise and exist only when the development of

the productive power of labour has not risen beyond a low stage, and when, therefore, the social relations within the sphere of material life, between man and man, and between man and Nature, are correspondingly narrow. This narrowness is reflected in the ancient worship of Nature, and in the other elements of the popular religions. The religious reflex of the real world can, in any case, only then finally vanish, when the practical relations of everyday life offer to man none but perfectly intelligible and reasonable relations with regard to his fellowmen and to Nature.

The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan. This, however, demands for society a certain material groundwork or set of conditions of existence which in their turn are the spontaneous product of a long and painful process of development.

Political economy has indeed analysed, however incompletely,[1] value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product

[1]The insufficiency of Ricardo's analysis of the magnitude of value, and his analysis is by far the best, will appear from the 3rd and 4th book of this work. As regards values in general, it is the weak point of the classical school of political economy that it nowhere, expressly and with full consciousness, distinguishes between labour, as it appears in the value of a product and the same labour as it appears in the use-value of that product. Of course the distinction is practically made since this school treats labour, at one time under its quantitative aspect, at another under its qualitative aspect. But it has not the least idea, that when the difference between various kinds of labour is treated as purely quantitative, their qualitative unity or equality, and therefore their reduction to abstract human labour, is implied. For instance, Ricardo declares that he agrees with Destutt de Tracy in this proposition: "As it is certain that our physical and moral faculties are alone our original riches, the employment of those faculties, labour of some kind, is our only original treasure, and it is always from this employment that all those things are created, which we call riches. . . . It is certain, too, that all those things only represent the labour which has created them, and if they have a value, or even two distinct values, they can only derive them from that (the value) of the labour from which they emanate." (Ricardo, The Principles of Pol. Econ. 3 Ed. Lond. 1821, p. 334.) We would here only point out that Ricardo puts his own more profound interpretation upon the words of Destutt. What the latter really says is, that on the one hand all things which constitute wealth represent the labour that creates them, but that on the other hand, they acquire their "two different values" (use-value and exchange-value) from "the value of labour." He thus falls into the commonplace error of the vulgar economists, who assume the value of one commodity (in this case labour) in order to determine the values of the rest. But Ricardo reads him as if he had said, that labour (not the value of labour) is embodied both in use value and exchange-value. Nevertheless, Ricardo himself pays so little attention to the two-fold character of the labour which has a two-fold embodiment, that he devotes the whole of his chapter on "Value and Riches, Their Distinctive Properties" to a laborious examination of the trivialities of a J. B. Say. And at the finish he is quite astonished to find that Destutt on the one hand agrees with him as to labour being the source of value, and on the other hand with J. B. Say as to the notion of value.

and labour time by the magnitude of that value.[1] These formulæ, which bear stamped upon them in unmistakable letters, that they belong to a state of society, in which the process of production has the mastery over man, instead of being controlled by him, such formulæ appear to the bourgeois intellect to be as much a self-evident necessity imposed by nature as productive labour itself. Hence forms of social production that preceded the bourgeois form, are treated by the bourgeoisie in much the same way as the Fathers of the Church treated pre-Christian religions.[2]

[1] It is one of the chief failings of classical economy that it has never succeeded, by means of its analysis of commodities, and, in particular, of their value, in discovering that form under which value becomes exchange-value. Even Adam Smith and Ricardo, the best representatives of the school, treat the form of value as a thing of no importance, as having no connection with the inherent nature of commodities. The reason for this is not solely because their attention is entirely absorbed in the analysis of the magnitude of value. It has deeper. The value form of the product of labour is not only the most abstract, but is also the most universal form, taken by the product in bourgeois production, and stamps that production as a particular species of social production and thereby gives it its special historical character. If then we treat this mode of production as one eternally fixed by nature for every state of society, we necessarily overlook that which is the differentia specifica of the value-form, and consequently of the commodity form, and of its further developments, money-form, capital-form, &c. We consequently find that economists, who are thoroughly agreed as to labour time being the measure of the magnitude of value, have the most strange and contradictory ideas of money, the perfected form of the general equivalent. This is seen in a striking manner when they treat of banking, where the common place definitions of money will no longer hold water. This led to the rise of a restored mercantile system (Ganilh, &c.) which sees in value nothing but a social form, or rather the unsubstantial ghost of that form. Once for all I may here state, that by classical political economy, I understand that economy which, since the time of W. Petty, has investigated the real relations of production in bourgeois society, in contradistinction to vulgar economy, which deals with appearances only, ruminates without ceasing on the materials long since provided by scientific economy, and there seeks plausible explanations of the most obtrusive phenomena, for bourgeois daily use, but for the rest, confines itself to systematizing in a pedantic way, and proclaiming for everlasting truths, the trite ideas held by the self-complacent bourgeoisie with regard to their own world, to them the best of all possible worlds.

[2] "The economists have a singular manner of proceeding. There are for them only two kinds of institutions, those of art and those of Nature. Feudal institutions are artificial institutions, those of the bourgeoisie are natural institutions. In this they resemble the theologians, who also establish two kinds of religion. Every religion but their own is an invention of men, while their own religion is an emanation from God. . . . Thus there has been history, but there is no longer any." Karl Marx, The Poverty of Philosophy, A Reply to "La Philosophie de la Misère" by Mr. Proudhon. 1847, p. 100. Truly comical is M. Bastiat, who imagines that the ancient Greeks and Romans lived by plunder alone. But when people plunder for centuries, there must always be something at hand for them to seize, the objects of plunder must be continually reproduced. It would thus appear that even Greeks and Romans had some process of production, consequently, an economy, which just as much constituted the material basis of their world, as bourgeois economy constitutes that of our modern world. Or perhaps Bastiat means, that a mode of production based on slavery is based on a system of plunder. In that case he treads on dangerous ground. If a giant thinker like Aristotle erred in his appreciation of slave labour, why should a dwarf economist like Bastiat be right in his appreciation of wage labour? I seize this opportunity of shortly answering an objection taken by a German paper in America, to my work, "Critique of Political Economy, 1859." In the estimation of that paper, my view that each special mode of production and the social relations corresponding to it, in short that the economic structure of society, is the real basis on which the juridical and political superstructure is raised, and to which definite social forms of thought correspond; that the mode of production determines the character of the

To what extent some economists are misled by the Fetishism inherent in commodities, or by the objective appearance of the social characteristics of labour, is shown, amongst other ways, by the dull and tedious quarrel over the part played by Nature in the formation of exchange value. Since exchange value is a definite social manner of expressing the amount of labour bestowed upon an object, Nature has no more to do with it, than it has in fixing the course of exchange.

The mode of production in which the product takes the form of a commodity, or is produced directly for exchange, is the most general and most embryonic form of bourgeois production. It therefore makes its appearance at an early date in history, though not in the same predominating and characteristic manner as now-a-days. Hence its Fetish character is comparatively easy to be seen through. But when we come to more concrete forms, even this appearance of simplicity vanishes. Whence arose the illusions of the monetary system? To it gold and silver, when serving as money, did not represent a social relation between producers, but were natural objects with strange social properties. And modern economy, which looks down with such disdain on the monetary system, does not its superstition come out as clear as noonday, whenever it treats of capital? How long is it since economy discarded the physiocratic illusion, that rents grow out of the soil and not out of society?

But not to anticipate, we will content ourselves with yet another example relating to the commodity form. Could commodities themselves speak, they would say: Our use-value may be a thing that interests men. It is no part of us as objects. What however, does belong to us as objects, is our value. Our natural intercourse as commodities proves it. In the eyes of each other we are nothing but exchange values. Now listen how those commodities speak through the mouth of the economist. "Value"—(*i.e.*, exchange value) "is a property of things, riches"—(*i.e.*, use value) "of man. Value, in this sense, nec-

social, political, and intellectual life generally, all this is very true for our own times, in which material interests preponderate, but not for the middle ages, in which Catholicism, nor for Athens and Rome, where politics, reigned supreme. In the first place it strikes one as an odd thing for any one to suppose that these well worn phrases about the middle ages and the ancient world are unknown to anyone else. This much, however, is clear, that the middle ages could not live on Catholicism, nor the ancient world on politics. On the contrary, it is the mode in which they earned a livelihood that explains why here politics, and there Catholicism, played the chief part. For the rest, it requires but a slight acquaintance with the history of the Roman republic, for example, to be aware that its secret history is the history of its landed property. On the other hand, Don Quixote long ago paid the penalty for wrongly imagining that knight errantry was compatible with all economical forms of society.

essarily implies exchanges, riches do not."[1] "Riches" (use-value) "are the attribute of men, value is the attribute of commodities. A man or a community is rich, a pearl or a diamond is valuable. . . A pearl or a diamond is valuable" as a pearl or diamond.[2] So far no chemist has ever discovered exchange value either in a pearl or a diamond. The economical discoverers of this chemical element, who by-the-bye lay special claim to critical acumen, find, however, that the use-value of objects belongs to them independently of their material properties, while their value, on the other hand, forms a part of them as objects. What confirms them in this view, is the peculiar circumstances that the use-value of objects is realised without exchange, by means of a direct relation between the objects and man, while, on the other hand, their value is realised only by exchange, that is, by means of a social process. Who fails here to call to mind our good friend Dogberry, who informs neighbour Seacoal, that, "To be a well-favoured man is the gift of fortune; but reading and writing comes by nature."

CHAPTER II.

EXCHANGE.

It is plain that commodities cannot go to market and make exchanges of their own account. We must, therefore, have recourse to their guardians, who are also their owners. Commodities are things, and therefore without power of resistance against man. If they are wanting in docility he can use force; in other words, he can take possession of them.[3] In order that these objects may enter into relation with each other as commodities, their guardians must place themselves in relation to one another, as persons whose will resides in those objects,

[1] Observations on certain verbal disputes in Pol. Econ., particularly relating to value and to demand and supply. Lond., 1821, p. 16.

[2] S. Bailey, l. c., p. 165.

The author of "Observations" and S. Bailey accuse Ricardo of converting exchange value from something relative into something absolute. The opposite is the fact. He has explained the apparent relation between objects, such as diamonds and pearls, in which relation they appear as exchange values, and disclosed the true relation hidden behind the appearances, namely, their relation to each other as mere expressions of human labour. If the followers of Ricardo answer Bailey somewhat rudely, and by no means convincingly, the reason is to be sought in this, that they were unable to find in Ricardo's own works any key to the hidden relations existing between value and its form, exchange value.

[3] In the 12th century, so renowned for its piety, they included amongst commodities some very delicate things. Thus a French poet of the period enumerates amongst the goods to be found in the market of Landit, not only clothing, shoes, leather, agricultural implements, &c., but also "femmes folles de leur corps."

and must behave in such a way that each does not appropriate the commodity of the other, and part with his own, except by means of an act done by mutual consent. They must, therefore, mutually recognise in each other the right of private proprietors. This juridical relation, which thus expresses itself in a contract, whether such contract be part of a developed legal system or not, is a relation between two wills, and is but the reflex of the real economical relation between the two. It is this economical relation that determines the subject matter comprised in each such juridical act.[1] The persons exist for one another merely as representatives of, and, therefore, as owners of, commodities. In the course of our investigation we shall find, in general, that the characters who appear on the economic stage are but the personifications of the economical relations that exist between them.

What chiefly distinguishes a commodity from its owner is the fact, that it looks upon every other commodity as but the form of appearance of its own value. A born leveller and a cynic, it is always ready to exchange not only soul, but body, with any and every other commodity, be the same more repulsive than Maritornes herself. The owner makes up for this lack in the commodity of a sense of the concrete, by his own five and more senses. His commodity possesses for himself no immediate use-value. Otherwise, he would not bring it to the market. It has use-value for others; but for himself its only direct use-value is that of being a depository of exchange value and consequently, a means of exchange.[2] Therefore, he makes up his mind to part with it for commodities whose value in use is of service to him. All commodities are non-use-values for their owners, and use-values for their non-owners. Consequently, they must all change hands. But this change

[1] Proudhon begins by taking his ideal of justice, of "justice eternelle," from the juridical relations that correspond to the production of commodities: thereby, it may be noted, he proves, to the consolation of all good citizens, that the production of commodities is a form of production as everlasting as justice. Then he turns round and seeks to reform the actual production of commodities, and the actual legal system corresponding thereto in accordance with this ideal. What opinion should we have of a chemist, who instead of studying the actual laws of the molecular changes in the composition and decomposition of matter, and on that foundation solving definite problems, claimed to regulate the composition and decomposition of matter by means of the "eternal ideas," of "naturalité" and "affinité?" Do we really know any more about "usury," when we say it contradicts "justice éternelle," "équité éternelle," "mutualité éternelle" and other "vérités éternelles" than the fathers of the church did when they said it was incompatible with "grâce éternelle," "foi éternelle," and "la volonté éternelle de Dieu?"

[2] "For two-fold is the use of every object. . . . The one is peculiar to the object as such, the other is not, as a sandal which may be worn, and is also exchangeable. Both are uses of the sandal, for even he who exchanges the sandal for the money or food he is in want of, makes use of the sandal as a sandal. But not in its natural way. For it has not been made for the sake of being exchanged." (Aristoteles, de Rep., l. i. c. 9.)

of hands is what constitutes their exchange, and the latter puts them in relation with each other as values, and realises them as values. Hence commodities must be realised as values before they can be realised as use-values.

On the other hand, they must show that they are use-values before they can be realised as values. For the labour spent upon them counts effectively, only in so far as it is spent in a form that is useful for others. Whether that labour is useful for others and its product consequently capable of satisfying the wants of others, can be proved only by the act of exchange.

Every owner of a commodity wishes to part with it in exchange only for those commodities whose use-value satisfies some want of his. Looked at in this way, exchange is for him simply a private transaction. On the other hand, he desires to realise the value of his commodity, to convert it into any other suitable commodity of equal value, irrespective of whether his own commodity has or has not any use-value for the owner of the other. From this point of view, exchange is for him a social transaction of a general character. But one and the same set of transactions cannot be simultaneously for all owners of commodities both exclusively private and exclusively social and general.

Let us look at the matter a little closer. To the owner of a commodity, every other commodity is, in regard to his own, a particular equivalent, and consequently his own commodity is the universal equivalent for all the others. But since this applies to every owner, there is, in fact, no commodity acting as universal equivalent, and the relative value of commodities possesses no general form under which they can be equated as values and have the magnitude of their values compared. So far, therefore, they do not confront each other as commodities, but only as products or use-values. In their difficulties our commodity-owners think like Faust: "Im Anfang war die That." They therefore acted and transacted before they thought. Instinctively they conform to the laws imposed by the nature of commodities. They cannot bring their commodities into relation as values, and therefore as commodities, except by comparing them with some one other commodity as the universal equivalent. That we saw from the analysis of a commodity. But a particular commodity cannot become the universal equivalent except by a social act. The social action therefore of all other commodities, sets apart the particular commodity in which they all represent their values.

Thereby the bodily form of this commodity becomes the form of the socially recognised universal equivalent. To be the universal equivalent, becomes, by this social process, the specific function of the commodity thus excluded by the rest. Thus it becomes money. "Illi unum consilium habent et virtutem et potestatem suam bestiæ tradunt. Et ne quis possit emere aut vendere, nisi qui habet characterem aut nomen bestiæ, aut numerum nominis ejus." (*Apocalypse.*)

Money is a crystal formed of necessity in the course of the exchanges, whereby different products of labour are practically equated to one another and thus by practice converted into commodities. The historical progress and extension of exchanges develops the contrast, latent in commodities, between use value and value. The necessity for giving an external expression to this contrast for the purposes of commercial intercourse, urges on the establishment of an independent form of value, and finds no rest until it is once for all satisfied by by the differentiation of commodities into commodities and money. At the same rate, then, as the conversion of products into commodities is being accomplished, so also is the conversion of one special commodity into money.[1]

The direct barter of products attains the elementary form of the relative expression of value in one respect, but not in another. That form is x Commodity A=y Commodity B. The form of direct barter is x use-value A=y use-value B.[2] The articles A and B in this case are not as yet commodities, but become so only by the act of barter. The first step made by an object of utility towards acquiring exchange-value is when it forms a non-use-value for its owner, and that happens when it forms a superfluous portion of some article required for his immediate wants. Objects in themselves are external to man, and consequently alienable by him. In order that this alienation may be reciprocal, it is only necessary for men, by a tacit understanding, to treat each other as private owners of those alienable objects, and by implication as independent individuals. But such a state of reciprocal independence has no existence in a primitive society based on property in common, whether such a society takes the form of a

[1] From this we may form an estimate of the shrewdness of the petit bourgeois socialism, which, while perpetuating the production of commodities, aims at abolishing the "antagonism" between money and commodities, and consequently, since money exists only by virtue of this antagonism, at abolishing money itself. We might just as well try to retain Catholicism without the Pope. For more on this point see my work, "Critique of Political Economy," p. 73. ff.

[2] So long as, instead of two distinct use-values being exchanged, a chaotic mass of articles are offered as the equivalent of a single article, which is often the case with savages, even the direct barter of products is in its first infancy.

patriarchal family, an ancient Indian community, or a Peruvian Inca State. The exchange of commodities, therefore, first begins on the boundaries of such communities, at their points of contact with other similar communities, or with members of the latter. So soon, however, as products once become commodities in the external relations of a community, they also, by reaction, become so in its internal intercourse. The proportions in which they are exchangeable are at first quite a matter of chance. What makes them exchangeable is the mutual desire of their owners to alienate them. Meantime the need for foreign objects of utility gradually establishes itself. The constant repetition of exchange makes it a normal social act. In the course of time, therefore, some portion at least of the products of labour must be produced with a special view to exchange. From that moment the distinction becomes firmly established between the utility of an object for the purposes of consumption, and its utility for the purposes of exchange. Its use-value becomes distinguished from its exchange value. On the other hand, the quantitative proportion in which the articles are exchangeable, becomes dependent on their production itself. Custom stamps them as values with definite magnitudes.

In the direct barter of products, each commodity is directly a means of exchange to its owner, and to all other persons an equivalent, but that only in so far as it has use-value for them. At this stage, therefore, the articles exchanged do not acquire a value-form independent of their own use-value, or of the individual needs of the exchangers. The necessity for a value form grows with the increasing number and variety of the commodities exchanged. The problem and the means of solution arise simultaneously. Commodity owners never equate their own commodities to those of others, and exchange them on a large scale, without different kinds of commodities belonging to different owners being exchangeable for, and equated as values to, one and the same special article. Such last-mentioned article, by becoming the equivalent of various other commodities, acquires at once, though within narrow limits, the character of a general social equivalent. This character comes and goes with the monetary social acts that called it into life. In turns and transiently it attaches itself first to this and then to that commodity. But with the development of exchange it fixes itself firmly and exclusively to particular sorts of commodities, and becomes crystallised by assuming the money-form. The particular kind of commodity to which it

sticks is at first a matter of accident. Nevertheless there are two circumstances whose influence is decisive. The money form attaches itself either to the most important articles of exchange from outside, and these in fact are primitive and natural forms in which the exchange-value of home products finds expression; or else it attaches itself to the object of utility that forms, like cattle, the chief portion of indigenous alienable wealth. Nomad races are the first to develop the money-forms, because all their worldly goods consist of movable objects and are therefore directly alienable; and because their mode of life, by continually bringing them into contact with foreign communities, solicits the exchange of products. Man has often made man himself, under the form of slaves, serve as the primitive material of money, but has never used land for that purpose. Such an idea could only spring up in a bourgeois society already well developed. It dates from the last third of the 17th century, and the first attempt to put it in practice on a national scale was made a century afterwards, during the French bourgeois revolution.

In proportion as exchange bursts its local bonds, and the value of commodities more and more expands into an embodiment of human labour in the abstract, in the same proportion the character of money attaches itself to commodities that are by nature fitted to perform the social function of a universal equivalent. Those commodities are the precious metals.

The truth of the proposition that, "although gold and silver are not by nature money, money is by nature gold and silver,"[1] is shown by the fitness of the physical properties of these metals for the functions of money.[2] Up to this point, however, we are acquainted only with one function of money, namely, to serve as the form of manifestation of the value of commodities, or as the material in which the magnitudes of their values are socially expressed. An adequate form of manifestation of value, a fit embodiment of abstract, undifferentiated, and therefore equal human labour, that material alone can be whose every sample exhibits the same uniform qualities. On the other hand, since the difference between the magnitudes of value is purely quantitative, the money commodity must be susceptible of merely quantitative differences, must therefore be divisible at will, and equally capable of be-

[1] Karl Marx, l. c. p. 212. "I metalli . . naturalmente monets." "Galiani, "Della moneta" in Custodi's Collection: Parte Moderna t. iii.)

[2] For further details on this subject see in my work cited above, the chapter on "The precious metals."

ing re-united. Gold and silver possess these properties by nature.

The use-value of the money commodity becomes two-fold. In addition to its special use-value as a commodity (gold, for instance, serving to stop teeth, to form the raw material of articles of luxury, &c.), it acquires a formal use-value, originating in its specific social function.

Since all commodities are merely particular equivalents of money, the latter being their universal equivalent, they, with regard to the latter as the universal commodity, play the parts of particular commodities.[1]

We have seen that the money-form is but the reflex, thrown upon one single commodity, of the value relations between all the rest. That money is a commodity[2] is therefore a new discovery only for those who, when they analyse it, start from its fully developed shape. The act of exchange gives to the commodity converted into money, not its value, but its specific value-form. By confounding these two distinct things some writers have been led to hold that the value of gold and silver is imaginary.[3] The fact that money can, in certain functions be replaced by mere symbols of itself, gave rise to that other mistaken notion, that it is itself a mere symbol. Nevertheless under this error lurked a presentiment that the money-form of an object is not an inseparable part of that object, but is simply the form under which certain social relations manifest themselves. In this sense every commodity is a symbol, since, in so far as it is value, it is only the material envelope of the human

[1] "Il danaro è la merce universale (Verri, l. c. p. 16).

[2] "Silver and gold themselves (which we may call by the general name of bullion), are . . . commodities . . . rising and falling in . . . value. . . Bullion then, may be reckoned to be of higher value where the smaller weight will purchase the greatest quantity of the product or manufacture of the countrey," &c. ("A Discourse of the General Notions of Money Trade, and Exchange, as they stand in relations to each other." By a Merchant. Lond., 1695, p. 7.) "Silver and gold, coined or uncoined, though they are used for a measure of all other things, are no less a commodity than wine, oyl, tobacco, cloth or stuffs." ("A Discourse concerning Trade, and that in particular of the East Indies," &c. London, 1689, p. 2.) "The stock and riches of the kingdom cannot properly be confined to money, nor ought gold and silver to be excluded from being merchandise." ("A Treatise concerning the East India Trade being a most profitable Trade." London, 1680, Reprint 1696, p. 4.)

[3] "L'oro e l'argento hanno valore come metalli anteriore all' esser moneta." (Galiani, l.c.) Locke says, "The universal consent of mankind gave to silver, on account of its qualities which made it suitable for money, an imaginary value." Law, on the other hand, "How could different nations give an imaginary value to any single thing . . . or how could this imaginary value have maintained itself?" But the following shows how little he himself understood about the matter: "Silver was exchanged in proportion to the value in use it possessed, consequently in proportion to its real value. By its adoption as money it received an additional value (une valeur additionelle)." (Jean Law "Considérations sur le numéraire et le commerce" in E. Daire's Edit. of "Economistes Financiers du XVIII. siecle," p. 470.)

labour spent upon it.[1] But if it be declared that the social characters assumed by objects, or the material forms assumed by the social qualities of labour under the régime of a definite mode of production, are mere symbols, it is in the same breath also declared that these characteristics are arbitrary fictions sanctioned by the so called universal consent of mankind. This suited the mode of explanation in favour during the 18th century. Unable to account for the origin of the puzzling forms assumed by social relations between man and man, people sought to denude them of their strange appearance by ascribing to them a conventional origin.

It has already been remarked above that the equivalent form of a commodity does not imply the determination of the magnitude of its value. Therefore, although we may be aware that gold is money, and consequently directly exchangeable for all other commodities, yet that fact by no means tells how much 10 lbs., for instance, of gold is worth. Money, like every other commodity, cannot express the magnitude of its value except relatively in other commodities. This value is determined by the labour-time required for its production, and is expressed by the quantity of any other commodity that costs the same amount of labour time.[2] Such quantitative determination of its relative value takes place at the source of its production by means of barter. When it steps into circulation as money, its

[1] "L'Argent en (des denrées) est le signe." (V., de Forbonnais: "Eléments du Commerce, Nouv. Edit. Leyde, 1776," t. II., p. 143.) "Comme signe il est attiré par les denrèes." (l.c., p. 155). "L'argent est un signe d'une chose et la représente." (Montesquieu: "Esprit des Lois," Oeuvres, Lond., 1767, t. II., p. 2.) "L'argent n'est pas simple signe, car il est lui-meme richesse; il ne represente pas les valeurs, il les equivaut." (Le Trosne, l.c. p. 910.) "The notion of value contemplates the valuable article as a mere symbol; the article counts not for what it is, but for what it is worth." (Hegel, l.c. p. 100.) Lawyers started long before economists the idea that money is a mere symbol and that the value of the precious metals is purely imaginary. This they did in the sycophantic service of the crowned heads, supporting the right of the latter to debase the coinage, during the whole of the middle ages, by the traditions of the Roman Empire and the conceptions of money to be found in the Pandects. "Qu' aucun puisse ni doive faire doute," says an apt scholar of theirs, Philip of Valois, in a decree of 1346, "que à nous et à notre majesté royale n' appartiennent seulement. . . lemestier, le fait l'état, la provision et toute l'ordonnance des monnaies, de donner tel cours, et pour tel prix comme il nous plait et bon nous semble." It was a maxim of the Roman Law that the value of money was fixed by decree of the emperor. It was expressly forbidden to treat money as a commodity. "Pecunias vero nulli emere fas erit, nam in usu publico constitutas oportet non esse mercem." Some good work on this question has been done by G. F. Pagnini: "Saggio sopra il giusto prezzo delle cose, 1751"; Custodi ' Parte Moderna,' t. II. In the second part of his work Pagnini directs his polemics especially against the lawyers.

[2] "If a man can bring to London an ounce of Silver out of the Earth in Peru, in the same time that he can produce a bushel of Corn, then the one is the natural price of the other, now, if by reason of new or more easie mines a man can procure two ounces of silver as easily as he formerly did one, the corn will be as cheap at ten shillings the bushel as it was before at five shillings, ceteris paribus." William Petty: "A Treatise on Taxes and Contributions." Lond., 1662, p. 32.

value is already given. In the last decades of the 17th century it had already been shown that money is a commodity, but this step marks only the infancy of the analysis. The difficulty lies, not in comprehending that money is a commodity, but in discovering how, why and by what means a commodity becomes money.[1]

We have already seen, from the most elementary expression of value, x commodity A=y commodity B, that the object in which the magnitude of the value of another object is represented, appears to have the equivalent form independently of this relation, as a social property given to it by Nature. We followed up this false appearance to its final establishment, which is complete so soon as the universal equivalent form becomes identified with the bodily form of a particular commodity, and thus crystallised into the money-form. What appears to happen is, not that gold becomes money, in consequence of all other commodities expressing their values in it, but, on the contrary, that all other commodities universally express their values in gold, because it is money. The intermediate steps of the process vanish in the result and leave no trace behind. Commodities find their own value already completely represented, without any initiative on their part, in another commodity existing in company with them. These objects, gold and silver, just as they come out of the bowels of the earth, are forthwith the direct incarnation of all human labour. Hence the magic of money. In the form of society now under consideration, the behaviour of men in the social process of production is purely atomic. Hence their relations to each other in production assume a material character independent of their control and conscious individual action. These facts manifest themselves at first by products as a general rule taking the form of commodities. We have seen how the progressive development of a society of commodity-producers stamps one privileged commodity with the character of

[1]The learned Professor Roscher, after first informing us that "the false definitions of money may be divided into two main groups: those which make it more, and those which make it less, than a commodity," gives us a long and very mixed catalogue of works on the nature of money, from which it appears that he has not the remotest idea of the real history of the theory; and then he moralises thus: "For the rest, it is not to be denied that most of the later economists do not bear sufficiently in mind the peculiarities that distinguish money from other commodities" (it is then, after all, either more or less than a commodity!). . . . . "So far, the semi-mercantilist reaction of Ganilh is not altogether without foundation." (Wilhelm Roscher "Die Grundlagen der Nationaloekonomie," 3rd Edn., 1858, pp. 277-210). More! less! not sufficiently! so far! not altogether! What clearness and precision of ideas and language! And such eclectic professorial twaddle is modestly baptised by Mr Roscher, "the anatomico-physiological method" of political economy! One discovery however, he must have credit for, namely, that money is "a peculiar commodity."

money. Hence the riddle presented by money is but the riddle presented by commodities; only it now strikes us in its most glaring form.

CHAPTER III.

MONEY, OR THE CIRCULATION OF COMMODITIES.

SECTION 1.—THE MEASURE OF VALUES.

THROUGHOUT this work, I assume, for the sake of simplicity, gold as the money-commodity.

The first chief function of money is to supply commodities with the material for the expression of their values, or to represent their values as magnitudes of the same denomination, qualitatively equal, and quantitatively comparable. It thus serves as a *universal measure of value*. And only by virtue of this function does gold, the equivalent commodity *par excellence*, become money.

It is not money that renders commodities commensurable. Just the contrary. It is because all commodities, as values, are realised human labour, and therefore commensurable, that their values can be measured by one and the same special commodity, and the latter be converted into the common measure of their values, *i.e.*, into money. Money as a measure of value, is the phenomenal form that must of necessity be assumed by that measure of value which is imminent in commodities, labour-time.[1]

The expression of the value of a commodity in gold—x commodity A=y money-commodity—is its money-form or price. A single equation, such as 1 ton of iron=2 ounces of gold, now suffices to express the value of the iron in a socially valid manner. There is no longer any need for this equation

[1] The question—Why does not money directly represent labour-time, so that a piece of paper may represent, for instance, x hour's labour, is at bottom the same as the question why, given the production of commodities, must products take the form of commodities? This is evident, since their taking the form of commodities implies their differentiation into commodities and money. Or, why cannot private labour—labour for the account of private individuals—be treated as its opposite, immediate social labour? I have elsewhere examined thoroughly the Utopian idea of "labour-money" in a society founded on the production of commodities (l. c. p. 61, seq.). On this point I will only say further, that Owen's "labour money," for instance, is no more "money" than a ticket for the theatre. Owen presupposes directly associated labour, a form of production that is entirely inconsistent with the production of commodities. The certificate of labour is merely evidence of the part taken by the individual in the common labour, and of his right to a certain portion of the common produce destined for consumption. But it never enters into Owen's head to presuppose the production of commodities, and at the same time, by juggling with money, to try to evade the necessary conditions of that production.

to figure as a link in the chain of equations that express the values of all other commodities, because the equivalent commodity, gold, now has the character of money. The general form of relative value has resumed its original shape of simple or isolated relative value. On the other hand, the expanded expression of relative value, the endless series of equations, has now become the form peculiar to the relative value of the money-commodity. The series itself, too, is now given, and has social recognition in the prices of actual commodities. We have only to read the quotations of a price-list backwards, to find the magnitude of the value of money expressed in all sorts of commodities. But money itself has no price. In order to put it on an equal footing with all other commodities in this respect, we should be obliged to equate it to itself as its own equivalent.

The price or money-form of commodities is, like their form of value generally, a form quite distinct from their palpable bodily form; it is, therefore, a purely ideal or mental form. Although invisible, the value of iron, linen and corn has actual existence in these very articles: it is ideally made perceptible by their equality with gold, a relation that, so to say, exists only in their own heads. Their owner must, therefore, lend them his tongue, or hang a ticket on them, before their prices can be communicated to the outside world.[1] Since the expression of the value of commodities in gold is a merely ideal act, we may use for this purpose imaginary or ideal money. Every trader knows, that he is far from having turned his goods into money, when he has expressed their value in a price or in imaginary money, and that it does not require the least bit of real gold, to estimate in that metal millions of pounds' worth of goods. When, therefore, money serves as a measure of value, it is employed only as imaginary or ideal money. This circumstance has given rise to the wildest theories.[2] But, although the money that performs the functions of a measure

[1] Savages and half-civilized races use the tong differently. Captain Parry says of the inhabitants on the west coast of Baffin's Bay: "In this case (he refers to barter) they licked it (the thing represented to them) twice to their tongues, after which they seemed to consider the bargain satisfactorily concluded." In the same way, the Eastern Esquimaux licked the articles they received in exchange. If the tongue is thus used in the North as the organ of appropriation, no wonder that, in the South, the stomach serves as the organ of accumulated property, and that a Kaffir estimates the wealth of a man by the size of his belly. That the Kaffirs know what they are about is shown by the following: at the same time that the official British Health Report of 1864 disclosed the deficiency of fat-forming food among a large part of the working class, a certain Dr Harvey (not, however, the celebrated discoverer of the circulation of the blood), made a good thing by advertising recipes for reducing the superfluous fat of the bourgeoisie and aristocracy.

[2] See Karl Marx "Critique, etc., chapter II. B., Theories of the Unit of Measure of Money," p. 91, ff.

of value is only ideal money, price depends entirely upon the actual substance that is money. The value, or in other words, the quantity of human labour contained in a ton of iron, is expressed in imagination by such a quantity of the money-commodity as contains the same amount of labour as the iron. According, therefore, as the measure of value is gold, silver, or copper, the value of the ton of iron will be expressed by very different prices, or will be represented by very different quantities of those metals respectively.

If, therefore, two different commodities, such as gold and silver, are simultaneously measures of value, all commodities have two prices—one a gold-price, the other a silver-price. These exist quietly side by side, so long as the ratio of the value of silver to that of gold remains unchanged, say at 15:1. Every change in their ratio disturbs the ratio which exists between the gold prices and the silver-prices of commodities, and thus proves, by facts, that a double standard of value is inconsistent with the functions of a standard.[1]

Commodities with definite prices present themselves under the *form*: a commodity A=x gold; b commodity B=z gold; c commodity C=y gold, &c., where a, b, c, represent definite quantities of the commodities A, B, C and x, z, y, definite quantities of gold. The values of these commodities are, therefore, changed in imagination into so many different quantities of gold. Hence, in spite of the confusing variety of the commodities themselves, their values become magnitudes

[1] "Wherever gold and silver have by law been made to perform the function of money or of a measure of value side by side, it has always been tried, but in vain, *to treat them as one and the same material*. To assume that there is an invariable ratio between the quantities of gold and silver in which a given quantity of labour-time is incorporated, is to assume, in fact, that gold and silver are of one and the same material, and that a given mass of the less valuable metal, silver, is a constant fraction of a given mass of gold. From the *reign of Edward III. to the time of George II.*, the history of money in England consists of one long series of perturbations caused by the clashing of the legally fixed ratio between the values of gold and silver, with the fluctuations in their real values. At one time gold was too high, at another, silver. The metal that for the time being was estimated below its value, was withdrawn from circulation, melted and exported. The ratio between the two metals was then again altered by law, but the new nominal ratio soon came into conflict again with the real one. In our own times, the slight and transient fall in the value of gold compared with silver, which was a consequence of the Indo Chinese demand for silver, produced on a far more extended scale in France the same phenomena, export of silver, and its expulsion from circulation by gold. During the years 1855, 1856 and 1857, the excess in France of gold-imports over gold exports amounted to £41,580,000, while the excess of silver-exports over silver imports was £14,704,000. In fact, in those countries in which both metals are legally measures of value, and therefore both legal tender, so that everyone has the option of paying in either metal, the metal that rises in value is at a premium, and, like every other commodity, measures its price in the over-estimated metal which alone serves in reality as the standard of value. The result of all experience and history with regard to this question is simply that, where two commodities perform by law the functions of a measure of value, in practice one alone maintains that position." (Karl Marx, l. c. pp. 90-91.)

of the same denomination, gold-magnitudes. They are now capable of being compared with each other and measured, and the want becomes technically felt of comparing them with some fixed quantity of gold as a unit measure. This unit, by subsequent division into aliquot parts, becomes itself the standard or scale. Before they become money, gold, silver, and copper already possess such standard measures in their standards of weight, so that, for example, a pound weight, while serving as the unit, is, on the one hand, divisible into ounces, and, on the other, may be combined to make up hundredweights.[1] It is owing to this that, in all metallic currencies, the names given to the standards of money or of price were originally taken from the pre-existing names of the standards of weight.

As *measure of value* and as *standard of price*, money has two entirely distinct functions to perform. It is the measure of value inasmuch as it is the socially recognised incarnation of human labour; it is the standard of price inasmuch as it is a fixed weight of metal. As the measure of value it serves to convert the values of all the manifold commodities into prices, into imaginary quantities of gold; as the standard of price it measures those quantities of gold. The measure of values measures commodities considered as values; the standard of price measures, on the contrary, quantities of gold by a unit quantity of gold, not the value of one quantity of gold by the weight of another. In order to make gold a standard of price, a certain weight must be fixed upon as the unit. In this case, as in all cases of measuring quantities of the same denomination, the establishment of an unvarying unit of measure is all-important. Hence, the less the unit is subject to variation, so much the better does the standard of price fulfill its office. But only in so far as it is itself a product of labour, and, therefore, potentially variable in value, can gold serve as a measure of value.[2]

It is, in the first place, quite clear that a change in the value of gold does not, in any way, affect its function as a standard of price. No matter how this value varies, the proportions

[1] The peculiar circumstance, that while the ounce of gold serves in England as the unit of the standard of money, the pound sterling does not form an aliquot part of it, has been explained as follows. "Our coinage was originally adapted to the employment of silver only, hence an ounce of silver can always be divided into a certain adequate number of pieces of coin but as gold was introduced at a later period into a coinage adapted only to silver, an ounce of gold cannot be coined into an aliquot number of pieces." Maclaren, "A Sketch of the History of the Currency." London, 1858, p. 16.

[2] With English writers the confusion between measure and value and standard of price (standard of value) is indescribable. Their functions, as well as their names are constantly interchanged.

between the values of different quantities of the metal remain constant. However great the fall in its value, 12 ounces of gold still have 12 times the value of 1 ounce; and in prices, the only thing considered is the relation between different quantities of gold. Since, on the other hand, no rise or fall in the value of an ounce of gold can alter its weight, no alteration can take place in the weight of its aliquot parts. Thus gold always renders the same service as an invariable standard of price, however much its value may vary.

In the second place, a change in the value of gold does not interfere with its functions as a measure of value. The change affects all commodities simultaneously, and, therefore, *coeteris paribus*, leaves their relative values *inter se*, unaltered, although those values are now expressed in higher or lower gold-prices.

Just as when we estimate the value of any commodity by a definite quantity of the use-value of some other commodity, so in estimating the value of the former in gold, we assume nothing more than that the production of a given quantity of gold costs, at the given period, a given amount of labour. As regards the fluctuations of prices generally, they are subject to the laws of elementary relative value investigated in a former chapter.

A general rise in the prices of commodities can result only, either from a rise in their values—the value of money remaining constant—or from a fall in the value of money, the values of commodities remaining constant. On the other hand, a general fall in prices can result only, either from a fall in the values of commodities—the value of money remaining constant—or from a rise in the value of money, the values of commodities remaining constant. It therefore by no means follows, that a rise in the value of money necessarily implies a proportional fall in the prices of commodities; or that a fall in the value of money implies a proportional rise in prices. Such change of price holds good only in the case of commodities whose value remains constant. With those, for example whose value rises, simultaneously with, and proportionally to, that of money, there is no alteration in price. And if their value rise either slower or faster than that of money, the fall or rise in their prices will be determined by the difference between the change in their value and that of money; and so on.

Let us now go back to the consideration of the price-form.

By degrees there arises a discrepancy between the current money names of the various weights of the precious metal

figuring as money, and the actual weights which those names originally represented. This discrepancy is the result of historical causes, among which the chief are:—(1) The importation of foreign money into an imperfectly developed community. This happened in Rome in its early days, where gold and silver coins circulated at first as foreign commodities. The names of these foreign coins never coincide with those of the indigenous weights. (2) As wealth increases, the less precious metal is thrust out by the more precious from its place as a measure of value, copper by silver, silver by gold, however much this order of sequence may be in contradiction with poetical chronology.[1] The word pound, for instance, was the money-name given to an actual pound weight of silver. When gold replaced silver as a measure of value, the same name was applied according to the ratio between the values of silver and gold, to perhaps 1-15th of a pound of gold. The word pound, as a money-name, thus becomes differentiated from the same word as a weight-name.[2] (3) The debasing of money carried on for centuries by kings and princes to such an extent that, of the original weights of the coins, nothing in fact remained but the names.

These historical causes convert the separation of the money-name from the weight-name into an established habit with the community.[3] Since the standard of money is on the one hand purely conventional, and must on the other hand find general acceptance, it is in the end regulated by law. A given weight of one of the precious metals, an ounce of gold, for instance, becomes officially divided into aliquot parts, with legally bestowed names, such as pound, dollar, &c. These aliquot parts, which henceforth serve as units of money, are then subdivided into other aliquot parts with legal names, such as shilling, penny, &c.[4] But, both before and after these divisions are made, a definite weight of metal is the standard of metallic money. The sole alteration consists in the subdivision and denomination.

[1] Moreover, it has not general historical validity.

[2] It is thus that the pound sterling in English denotes less than one third of original weight; the pound Scot, before the union, only 1-36th; the French livre, 1-74th; the Spanish maravedi, less than 1,1000th; and the Portuguese rei a still smaller fraction.

[3] "Le monete le quali oggi sono ideali sono le piu antiche d'ogni nazione, e tutte furono un tempo reali, e perchè erano reali con esse si contava" (Galiani: Della moneta, l. c. p. 153.)

[4] David Urquhart remarks in his "Familiar Words" on the monstrosity (1) that now-a-days a pound (sterling), which is the unit of the English standard of money, is equal to about a quarter of an ounce of gold. "This is falsifying a measure, not establishing a standard." He sees in this "false denomination" of the weight of gold, as in everything else, the falsifying hand of civilisation.

The prices, or quantities of gold, into which the values of commodities are ideally changed, are therefore now expressed in the names of coins, or in the legally valid names of the subdivisions of the gold standard. Hence, instead of saying: A quarter of wheat is worth an ounce of gold; we say, it is worth £3 17s. 10½d. In this way commodities express by their prices how much they are worth, and money serves as *money of account* whenever it is a question of fixing the value of an article in its money-form.[1]

The name of a thing is something distinct from the qualities of that thing. I know nothing of a man, by knowing that his name is Jacob. In the same way with regard to money, every trace of a value-relation disappears in the names pound, dollar, franc, ducat, &c. The confusion caused by attributing a hidden meaning to these cabalistic signs is all the greater, because these money-names express both the values of commodities, and, at the same time, aliquot parts of the weight of the metal that is the standard of money.[2] On the other hand, it is absolutely necessary that value, in order that it may be distinguished from the varied bodily forms of commodities, should assume this material and unmeaning, but, at the same time, purely social form.[3]

Price is the money-name of the labour realised in a commodity. Hence the expression of the equivalence of a commodity with the sum of money constituting its price, is a tautology,[4] just as in general the expression of the relative value

[1] When Anacharsis was asked for what purposes the Greeks used money, he replied, "For reckoning." (Athen. Deipn. l. iv. 49 v. 2. ed Schweighauser, 1802.)

[2] "Owing to the fact that money, when serving as the standard price, appears under the same reckoning names as do the prices of commodities, and that therefore the sum of £3 17s. 10½d. may signify on the one hand an ounce weight of gold, and on the other, the value of a ton of iron, this reckoning name of money has been called its mint-price. Hence there sprang up the extraordinary notion, that the value of gold is estimated in its own material, and that, in contra-distinction to all other commodities, its price is fixed by the State. It was erroneously thought that the giving of reckoning names to definite weights of gold, is the same thing as fixing the value of those weights." (Karl Marx, l. c. p. 89.)

[3] See "Theories of the Unit of Measure of Money" in "Critique of Political Economy," p. 91, ff. The fantastic notions about raising or lowering the mint-price of money by transferring to greater or smaller weights of gold or silver the names already legally appropriated to fixed weights of those metals such notions, at least in those cases in which they aim, not at clumsy financial operations against creditors, both public and private, but at economical quack remedies have been so exhaustively treated by Wm. Petty in his "Quantulumcunque concerning money. To the Lord Marquis of Halifax, 1682," that even his immediate followers, Sir Dudley North and John Locke, not to mention later ones, could only dilute him. "If the wealth of a nation," he remarks, "could be decupled by a proclamation, it were strange that such proclamations have not long since been made by our Governors." (l. c., p. 36.)

[4] On bien, il faut consentir à dire qu'une valeur d'un million en argent vaut plus qu'une valeur égale en marchandises." (Le Trosne l. c. p. 919), which amounts to saying, "qu'une valeur vaut plus qu'une valeur égale."

of a commodity is a statement of the equivalence of two commodities. But although price, being the exponent of the magnitude of a commodity's value, is the exponent of its exchange-ratio with money, it does not follow that the exponent of this exchange-ratio is necessarily the exponent of the magnitude of the commodity's value. Suppose two equal quantities of socially necessary labour to be respectively represented by 1 quarter of wheat and £2 (nearly $\frac{1}{2}$ oz. of gold), £2 is the expression in money of the magnitude of the value of the quarter of wheat, or is its price. If now circumstances allow of this price being raised to £3, or compel it to be reduced to £1, then although £1 and £3 may be too small or too great properly to express the magnitude of the wheat's value, nevertheless they are its prices, for they are, in the first place, the form under which its value appears, *i.e.*, money; and in the second place, the exponents of its exchange-ratio with money. If the conditions of production, in other words, if the productive power of labour remain constant, the same amount of social labour-time must, both before and after the change in price, be expended in the reproduction of a quarter of wheat. This circumstance depends, neither on the will of the wheat producer, nor on that of the owners of other commodities.

Magnitude of value expresses a relation of social production, it expresses the connection that necessarily exists between a certain article and the portion of the total labour time of society required to produce it. As soon as magnitude of value is converted into price, the above necessary relation takes the shape of a more or less accidental exchange ratio between a single commodity and another, the money-commodity. But this exchange ratio may express either the real magnitude of that commodity's value, or the quantity of gold deviating from that value, for which, according to circumstances, it may be parted with. The possibility, therefore, of quantitative incongruity between price and magnitude of value, or the deviation of the former from the latter, is inherent in the price form itself. This is no defect, but, on the contrary, admirably adapts the price-form to a mode of production whose inherent laws impose themselves only as the means of apparently lawless irregularities that compensate one another.

The price-form, however, is not only compatible with the possibility of a quantitative incongruity between magnitude of value and price, *i.e.*, between the former and its expression in money, but it may also conceal a qualitative inconsistency, so much so, that, although money is nothing but the value-form of commodities, price ceases altogether to express value. Ob-

jects that in themselves are no commodities, such as conscience, honour, &c., are capable of being offered for sale by their holders, and of thus acquiring, through their price, the form of commodities. Hence an object may have a price without having value. The price in that case is imaginary, like certain quantities in mathematics. On the other hand, the imaginary price-form may sometimes conceal either a direct or indirect real value-relation; for instance, the price of uncultivated land, which is without value, because no human labour has been incorporated in it.

Price, like relative value in general, expresses the value of a commodity (*e.g.*, a ton of iron), by stating that a given quantity of the equivalent (*e.g.*, an ounce of gold) is directly exchangeable for iron. But it by no means states the converse, that iron is directly exchangeable for gold. In order, therefore, that a commodity may in practice act effectively as exchange value, it must quit its bodily shape, must transform itself from mere imaginary into real gold, although to the commodity such transubstantiation may be more difficult than to the Hegelian "concept," the transition from "necessity" to "freedom," or to a lobster the casting of his shell, or to Saint Jerome the putting off of the old Adam.[1] Though a commodity may, side by side with its actual form (iron, for instance), take in our imagination the form of gold, yet it cannot at one and the same time actually be both iron and gold. To fix its price, it suffices to equate it to gold in imagination. But to enable it to render to its owner the service of a universal equivalent, it must be actually replaced by gold. If the owner of the iron were to go to the owner of some other commodity offered for exchange, and were to refer him to the price of the iron as proof that it was already money, he would get the same answer as St. Peter gave in heaven to Dante, when the latter recited the creed—

> "Assaï bene è trascorsa
> D'esta moneta già la lega e'l peso,
> Ma dimmi se tu l'hai nella tua borsa."

A price therefore implies both that a commodity is exchangeable for money, and also that it must be so exchanged. On the other hand, gold serves as an ideal measure of value, only because it has already, in the process of exchange, established

[1]Jerome had to wrestle hard, not only in his youth with the bodily flesh, as is shown by his fight in the desert with the handsome women of his imagination, but also in his old age with the spiritual flesh. "I thought," he says, "I was in the spirit before the Judge of the Universe." "Who art thou?" asked a voice. "I am a Christian." "Thou liest," thundered back the great Judge, "thou art nought but a Ciceronian."

itself as the money-commodity. Under the ideal measure of values there lurks the hard cash.

SECTION 2.—THE MEDIUM OF CIRCULATION.

a. The Metamorphosis of Commodities.

We saw in a former chapter that the exchange of commodities implies contradictory and mutually exclusive conditions. The differentiation of commodities into commodities and money does not sweep away these inconsistencies, but develops a *modus vivendi*, a form in which they can exist side by side. This is generally the way in which real contradictions are reconciled. For instance, it is a contradiction to depict one body as constantly falling towards another, and as, at the same time constantly flying away from it. The ellipse is a form of motion which, while allowing this contradiction to go on, at the same time reconciles it.

In so far as exchange is a process, by which commodities are transferred from hands in which they are non-use-values, to hands in which they become use-values, it is a social circulation of matter. The product of one form of useful labour replaces that of another. When once a commodity has found a resting-place, where it can serve as a use-value, it falls out of the sphere of exchange into that of consumption. But the former sphere alone interests us at present. We have, therefore, now to consider exchange from a formal point of view; to investigate the change of form or metamorphosis of commodities which effectuates the social circulation of matter.

The comprehension of this change of form is, as a rule, very imperfect. The cause of this imperfection is, apart from indistinct notions of value itself, that every change of form in a commodity results from the exchange of two commodities, an ordinary one and the money-commodity. If we keep in view the material fact alone that a commodity has been exchanged for gold we overlook the very thing that we ought to observe—namely, what has happened to the form of the commodity. We overlook the facts that gold, when a mere commodity, is not money, and that when other commodities express their prices in gold, this gold is but the money-form of those commodities themselves.

Commodities, first of all, enter into the process of exchange just as they are. The process then differentiates them into commodities and money, and thus produces an external opposition corresponding to the internal opposition inherent in

them, as being at once use-values and values. Commodities as use-values now stand opposed to money as exchange value. On the other hand, both opposing sides are commodities, unities of use-value and value. But this unity of differences manifests itself at two opposite poles, and at each pole in an opposite way. Being poles they are as necessarily opposite as they are connected. On the one side of the equation we have an ordinary commodity, which is in reality a use-value. Its value is expressed only ideally in its price, by which it is equated to its opponent, the gold, as to the real embodiment of its value. On the other hand, the gold, in its metallic reality ranks as the embodiment of value, as money. Gold, as gold, is exchange value itself. As to its use-value, that has only an ideal existence, represented by the series of expressions of relative value in which it stands face to face with all other commodities, the sum of whose uses makes up the sum of the various uses of gold. These antagonistic forms of commodities are the real forms in which the process of their exchange moves and takes place.

Let us now accompany the owner of some commodity—say, our old friend the weaver of linen—to the scene of action, the market. His 20 yards of linen has a definite price, £2. He exchanges it for the £2, and then, like a man of the good old stamp that he is, he parts with the £2 for a family Bible of the same price. The linen, which in his eyes is a mere commodity, a depository of value, he alienates in exchange for gold, which is the linen's value-form, and this form he again parts with for another commodity, the Bible, which is destined to enter his house as an object of utility and of edification to its inmates. The exchange becomes an accomplished fact by two metamorphoses of opposite yet supplementary character—the conversion of the commodity into money, and the re-conversion of the money into a commodity.[1] The two phases of this metamorphosis are both of them distinct transactions of the weaver—selling, or the exchange of the commodity for money; buying, or the exchange of the money for a commodity; and, the unity of the two acts, selling in order to buy.

The result of the whole transaction, as regards the weaver, is this, that instead of being in possession of the linen, he now has the Bible; instead of his original commodity, he now possesses another of the same value but of different utility. In

[1] "ἐκ δὲ τοῦ . . . . . πυρὸς ἀνταμείβεσθαι πάντα, φησὶν ὁ Ἡράκλειτος, καὶ πῦρ ἁπάντων ὥσπερ χρυσοῦ χρήματα καὶ χρημάτων χρυσός." (Cf. Lasalle: Die Philosophie Herakleitos des Dunkeln. Berlin 1845. Vol. I, p. 222.) Lasalle, in his note on this passage, p. 224 n. 3, erroneously makes gold a mere symbol of value.

like manner he procures his other means of subsistence and means of production. From his point of view, the whole process effectuates nothing more than the exchange of the product of his labour for the product of some one else's, nothing more than an exchange of products.

The exchange of commodities is therefore accompanied by the following changes in their form.

Commodity—Money—Commodity.
C——M——C.

The result of the whole process is; so far as concerns the objects themselves, C—C, the exchange of one commodity for another, the circulation of materialised social labour. When this result is attained, the process is at an end.

C—M. First metamorphosis, or sale

The leap taken by value from the body of the commodity, into the body of the gold, is, as I have elsewhere called it, the salto mortale of the commodity. If it falls short, then, although the commodity itself is not harmed, its owner decidedly is. The social division of labour causes his labour to be as one-sided as his wants are many-sided. This is precisely the reason why the product of his labour serves him solely as exchange value. But it cannot acquire the properties of a socially recognised universal equivalent, except by being converted into money. That money, however, is in some one else's pocket. In order to entice the money out of that pocket, our friend's commodity must, above all things, be a use value to the owner of the money. For this, it is necessary that the labour expended upon it, be of a kind that is socially useful, of a kind that constitutes a branch of the social division of labour. But division of labour is a system of production which has grown up spontaneously and continues to grow behind the backs of the producers. The commodity to be exchanged may possibly be the product of some new kind of labour, that pretends to satisfy newly arisen requirements, or even to give rise itself to new requirements. A particular operation, though yesterday, perhaps, forming one out of the many operations conducted by one producer in creating a given commodity, may today separate itself from this connection, may establish itself as an independent branch of labour and send its incomplete product to market as an independent commodity. The circumstances may or may not be ripe for such a separation. To-day the product satisfies a social want. To-morrow the article may, either altogether or partial-

ly, be superseded by some other appropriate product. Moreover, although our weaver's labour may be a recognized branch of the social division of labour, yet that fact is by no means sufficient to guarantee the utility of his 20 yards of linen. If the community's want of linen, and such a want has a limit like every other want, should already be saturated by the products of rival weavers, our friend's product is superfluous, redundant, and consequently useless. Although people do not look a gift-horse in the mouth, our friend does not frequent the market for the purpose of making presents. But suppose his product turn out a real use-value, and thereby attracts money? The question arises, how much will it attract? No doubt the answer is already anticipated in the price of the article, in the exponent of the magnitude of its value. We leave out of consideration here any accidental miscalculation of value by our friend, a mistake that is soon rectified in the market. We suppose him to have spent on his product only that amount of labour-time that is on an average socially necessary. The price then, is merely the money-name of the quantity of social labour realised in his commodity. But without the leave, and behind the back, of our weaver, the old-fashioned mode of weaving undergoes a change. The labour time that yesterday was without doubt socially necessary to the production of a yard of linen, ceases to be so today, a fact which the owner of the money is only too eager to prove from the prices quoted by our friend's competitors. Unluckily for him, weavers are not few and far between. Lastly, suppose that every piece of linen in the market contains no more labour-time than is socially necessary. In spite of this, all these pieces taken as a whole, may have had superfluous labour-time spent upon them. If the market cannot stomach the whole quantity at the normal price of 2 shillings a yard, this proves that too great a portion of the total labour of the community has been expended in the form of weaving. The effect is the same as if each individual weaver had expended more labour-time upon his particular product than is socially necessary. Here we may say, with the German proverb: caught together, hung together. All the linen in the market counts but as one article of commerce, of which each piece is only an aliquot part. And as a matter of fact, the value also of each single yard is but the materialised form of the same definite and socially fixed quantity of homogeneous human labour.

We see, then, commodities are in love with money, but "the course of true love never did run smooth." The quantitative division of labour is brought about in exactly the same spon-

taneous and accidental manner as its qualitative division. The owners of commodities therefore find out, that the same division of labour that turns them into independent private producers, also frees the social process of production and the relations of the individual producers to each other within that process, from all dependence on the will of those producers, and that the seeming mutual independence of the individuals is supplemented by a system of general and mutual dependence through or by means of the products.

The division of labour converts the product of labour into a commodity, and thereby makes necessary its further conversion into money. At the same time it also makes the accomplishment of this trans-substantiation quite accidental. Here, however, we are only concerned with the phenomenon in its integrity, and we therefore assume its progress to be normal. Moreover, if the conversion take place at all, that is, if the commodity be not absolutely unsaleable, its metamorphosis does take place although the price realised may be abnormally above or below the value.

The seller has his commodity replaced by gold, the buyer has his gold replaced by a commodity. The fact which here stares us in the face is, that a commodity and gold, 20 yards of linen and £2, have changed hands and places, in other words, that they have been exchanged. But for what is the commodity exchanged? For the shape assumed by its own value, for the universal equivalent. And for what is the gold exchanged? For a particular form of its own use-value. Why does gold take the form of money face to face with the linen? Because the linen's price of £2, its denomination in money, has already equated the linen to gold in its character of money. A commodity strips off its original commodity-form on being alienated, *i.e.*, on the instant its use-value actually attracts the gold, that before existed only ideally in its price. The realisation of a commodity's price, or of its ideal value-form, is therefore at the same time the realisation of the ideal use-value of money; the conversion of a commodity into money, is the simultaneous conversion of money into a commodity. The apparently single process is in reality a double one. From the pole of the commodity owner it is a sale, from the opposite pole of the money owner, it is a purchase. In other words, a sale is a purchase, C—M is also M—C.[1]

[1] "Toute vente est achat." (Dr. Quesnay: "Dialogues sur le Commerce et les Travaux des Artisans." Physiocrates ed. Daire I. Partie. Paris, 1846, p. 170), or as Quesnay in his "Maximes générales puts it, "Vendre est acheter."

Up to this point we have considered men in only one economical capacity, that of owners of commodities, a capacity in which they appropriate the produce of the labour of others, by alienating that of their own labour. Hence, for one commodity owner to meet with another who has money, it is necessary, either, that the product of the labour of the latter person, the buyer, should be in itself money, should be gold, the material of which money consists, or that his product should already have changed its skin and have stripped off its original form of a useful object. In order that it may play the part of money, gold must of course enter the market at some point or other. This point is to be found at the source of production of the metal, at which place gold is bartered, as the immediate product of labour, for some other product of equal value. From that moment it always represents the realised price of some commodity.[1] Apart from its exchange for other commodities at the source of its production, gold, in whose-so-ever hands it may be, is the transformed shape of some commodity alienated by its owner; it is the product of a sale or of the first metamorphosis C – M.[2] Gold, as we saw, became ideal money, or a measure of values, in consequence of all commodities measuring their values by it, and thus contrasting it ideally with their natural shape as useful objects, and making it the shape of their value. It became real money, by the general alienation of commodities, by actually changing places with their natural forms as useful objects, and thus becoming in reality the embodiment or their values. When they assume this money shape, commodities strip off every trace of their natural use-value, and of the particular kind of labour to which they owe their creation in order to transform themselves into the uniform, socially recognised incarnation of homogeneous human labour. We cannot tell from the mere look of a piece of money, for what particular commodity it has been exchanged. Under their money-form all commodities look alike. Hence, money may be dirt, although dirt is not money. We will assume that the two gold pieces, in consideration of which our weaver has parted with his linen, are the metamorphosed shape of a quarter of wheat. The sale of the linen, C – M, is at the same time its purchase, M – C. But the sale is the first act of a process that ends with a transaction of an opposite nature, namely, the purchase of a Bible; the purchase of the

[1] "Le prix d'une marchandise ne pouvant être payé que par le prix d'une autre marchandise." (Mercier de la Rivière: "L'Ordre natural et essentiel des sociétés politiques." Physiocrates, ed. Daire II. Partie, p. 554.)

[2] "Pour avoir cet argent, il faut avoir vendu," l. c., p. 543.

linen, on the other hand, ends a movement that began with a transaction of an opposite nature, namely, with the sale of the wheat. C—M (linen—money), which is the first phase of C—M—C (linen—money—Bible), is also M—C (money—linen), the last phase of another movement C—M—C (wheat—money—linen). The first metamorphosis of one commodity, its transformation from a commodity into money, is therefore also invariably the second metamorphosis of some other commodity, the retransformation of the latter from money into a commodity.[1]

M—C, or purchase. The second and concluding metamorphosis of a commodity.

Because money is the metamorphosed shape of all other commodities, the result of their general alienation, for this reason it is alienable itself without restriction or condition. It reads all prices backwards, and thus, so to say, depicts itself in the bodies of all other commodities, which offer to it the material for the realisation of its own use-value. At the same time the prices, wooing glances cast at money by commodities, define the limits of its convertibility, by pointing to its quantity. Since every commodity, on becoming money, disappears as a commodity, it is impossible to tell from the money itself, how it got into the hands of its possessor, or what article has been changed into it. *Non olet*, from whatever source it may come. Representing on the other hand a sold commodity, it represents on the other hand a commodity to be bought.[2]

M—C, a purchase, is, at the same time, C—M, a sale; the concluding metamorphosis of one commodity is the first metamorphosis of another. With regard to our weaver, the life of his commodity ends with the Bible, into which he has reconverted his £2. But suppose the seller of the Bible turns the £2 set free by the weaver into brandy. M—C, the concluding phase of C—M—C (linen, money, Bible), is also C—M, the first phase of C—M—C (Bible, money, brandy). The producer of a particular commodity has that one article alone to offer; this he sells very often in large quantities, but his many and various wants compel him to split up the price realised, the sum of money set free, into numerous purchases. Hence

[1] As before remarked, the actual producer of gold or silver forms an exception. He exchanges his product directly for another commodity, without having first sold it.

[2] "Si l'argent représente, dans nos mains, les choses que nous pouvons désirer d'acheter, il y représente aussi les choses que nous avons vendues pour cet argent." (Mercier de la Rivière l. c.)

a sale leads to many purchases of various articles. The concluding metamorphosis of a commodity thus constitutes an aggregation of first metamorphoses of various other commodities.

If we now consider the completed metamorphosis of a commodity, as a whole, it appears in the first place, that it is made up of two opposite and comlementary movements, C—M and M— C. These two antithetical transmutations of a commodity are brought about by two antithetical social acts on the part of the owner, and these acts in their turn stamp the character of the economical parts played by him. As the person who makes a sale, he is a seller; as the person who makes a purchase, he is a buyer. But just as, upon every such transmutation of a commodity, its two forms, commodity-form and money-form, exist simultaneously but at opposite poles, so every seller has a buyer opposed to him, and every buyer a seller While one particular commodity is going through its two transmutations in succession, from a commodity into money and from money into another commodity, the owner of the commodity changes in succession his part from that of seller to that of buyer. These characters of seller and buyer are therefore not permanent, but attach themselves in turns to the various persons engaged in the circulation of commodities.

The complete metamorphosis of a commodity, in its simplest form, implies four extremes, and three dramatis personæ. First, a commodity comes face to face with money; the latter is the form taken by the value of the former, and exists in all its hard reality, in the pocket of the buyer. A commodity-owner is thus brought into contact with a possessor of money. So soon, now, as the commodity has been changed into money, the money becomes its transient equivalent-form, the use-value of which equivalent-form is to be found in the bodies of other commodities. Money, the final term of the first transmutation, is at the same time the starting point for the second. The person who is a seller in the first transaction thus becomes a buyer in the second, in which a third commodity owner appears on the scene as a seller.[1]

The two phases, each inverse to the other, that make up the metamorphosis of a commodity constitute together a circular movement, a circuit; commodity-form, stripping off of this form, and return to the commodity-form. No doubt, the commodity appears here under two different aspects. At the start-

[1] "Il y a donc . . . quatre termes et trois contractants, dont l'un intervient deux fois." (Le Trosne l. c. p. 909.)

ing point it is not a use-value to its owner; at the finishing point it is. So, too, the money appears in the first phase as a solid crystal of value, a crystal into which the commodity eagerly solidifies, and in the second, dissolves into the mere transient equivalent-form destined to be replaced by a use-value.

The two metamorphoses constituting the circuit are at the same time two inverse partial metamorphoses of two other commodities. One and the same commodity, the linen, opens the series of its own metamorphoses, and completes the metamorphosis of another (the wheat). In the first phase or sale, the linen plays these two parts in its own person. But, then, changed into gold, it completes its own second and final metamorphosis, and helps at the same time to accomplish the first metamorphosis of a third commodity. Hence the circuit made by one commodity in the course of its metamorphoses is inextricably mixed up with the circuits of other commodities. The total of all the different circuits constitutes *the circulation of commodities.*

The circulation of commodities differs from the direct exchange of products (barter), not only in form, but in substance. Only consider the course of events. The weaver has, as a matter of fact, exchanged his linen for a Bible, his own commodity for that of some one else. But this is true only so far as he himself is concerned. The seller of the Bible, who prefers something to warm his inside, no more thought of exchanging his Bible for linen than our weaver knew that wheat had been exchanged for his linen. B's commodity replaces that of A, but A and B do not mutually exchange those commodities. It may, of course, happen that A and B make simultaneous purchases, the one from the other; but such exceptional transactions are by no means the necessary result of the general conditions of the circulation of commodities. We see here, on the one hand, how the exchange of commodities breaks through all local and personal bounds inseparable from direct barter, and develops the circulation of the products of social labour; and on the other hand, how it develops a whole network of social relations spontaneous in their growth and entirely beyond the control of the actors. It is only because the farmer has sold his wheat that the weaver is enabled to sell his linen, only because the weaver has sold his linen that our Hotspur is enabled to sell his Bible, and only because the latter has sold the water of everlasting life that the distiller is enabled to sell his *eau-de-vie*, and so on.

The process of circulation, therefore, does not, like direct barter of products, become extinguished upon the use values changing places and hands. The money does not vanish on dropping out of the circuit of the metamorphosis of a given commodity. It is constantly being precipitated into new places in the arena of circulation vacated by other commodities. In the complete metamorphosis of the linen, for example, linen—money—Bible, the linen first falls out of circulation, and money steps into its place. Then the Bible falls out of circulation, and again money takes its place. When one commodity replaces another, the money commodity always sticks to the hands of some third person.[1] Circulation sweats money from every pore.

Nothing can be more childish than the dogma, that because every sale is a purchase and every purchase a sale, therefore the circulation of commodities necessarily implies an equilibrium of sales and purchases. If this means that the number of actual sales is equal to the number of purchases, it is mere tautology. But its real purport is to prove that every seller brings his buyer to market with him. Nothing of the kind. The sale and the purchase constitute one identical act, an exchange between a commodity owned and an owner of money, between two persons as opposed to each other as the two poles of a magnet. They form two distinct acts, of polar and opposite characters, when performed by one single person. Hence the identity of sale and purchase implies that the commodity is useless, if, on being thrown into the alchemistical retort of circulation, it does not come out again in the shape of money; if, in other words, it cannot be sold by its owner, and therefore be bought by the owner of the money. That identity further implies that the exchange, if it does take place, constitutes a period of rest, an interval, long or short, in the life of the commodity. Since the first metamorphosis of a commodity is at once a sale and a purchase, it is also an independent process in itself. The purchaser has the commodity, the seller has the money, *i.e.*, a commodity ready to go into circulation at any time. No one can sell unless some one else purchases. But no one is forthwith bound to purchase, because he has just sold. Circulation bursts through all restrictions as to time, place, and individuals, imposed by direct barter, and a purchase, the direct identity that in barter does exist between this and it effects by splitting up, into the antithesis of a sale

[1] Self evident as this may be, it is nevertheless for the most part unobserved by political economists, and especially by the "Freetrader Vulgaris."

and a purchase, the direct identity that in barter does exist between the alienation of one's own and the acquisition of some other man's product. To say that these two independent and antithetical acts have an intrinsic unity, are essentially one, is the same as to say that this intrinsic oneness expresses itself in an external antithesis. If the interval in time between the two complementary phases of the complete metamorphosis of a commodity becomes too great, if the split between the sale and the purchase becomes too pronounced, the intimate connexion between them, their oneness, asserts itself by producing—a crisis. The antithesis, use-value and value; the contradictions that private labour is bound to manifest itself as direct social labour, that a particularised concrete kind of labour has to pass for abstract human labour; the contradiction between the personification of objects and the representation of persons by things; all these antitheses and contradictions, which are immanent in commodities, assert themselves, and develop their modes of motion, in the antithetical phases of the metamorphosis of a commodity. These modes therefore imply the possibility, and no more than the possibility, of crises. The conversion of this mere possibility into a reality is the result of a long series of relations, that, from our present standpoint of simple circulation, have as yet no existence.[1]

b. The currency[2] of money.

The change of form, C—M—C, by which the circulation of the material products of labour is brought about, requires that a given value in the shape of a commodity shall begin the process, and shall, also in the shape of a commodity, end it. The movement of the commodity is therefore a circuit. On the other hand, the form of this movement precludes a circuit from being made by the money. The result is not the return

[1]See my observations on James Mill in "Critique, &c.," p. 124-125. With regard to this subject, we may notice two methods characteristic of apologetic economy. The first is the identification of the circulation of commodities with the direct barter of products, by simple abstraction from their points of difference; the second is the attempt to explain away the contradictions of capitalist production, by reducing the relations between the persons engaged in that mode of production to the simple relations arising out of the circulation of commodities. The production and circulation of commodities are, however, phenomena that occur to a greater or less extent in modes of production the most diverse. If we are acquainted with nothing but the abstract categories of circulation, which are common to all these modes of production, we cannot possibly know anything of the specific points of difference of those modes, nor pronounce any judgment upon them. In no science is such a big fuss made with commonplace truisms as in political economy. For instance, J. B. Say sets himself up as a judge of crises, because, forsooth, he knows that a commodity is a product.

[2]Translator's note.—This word is here used in its original signification of the course or track pursued by money as it changes from hand to hand, a course which essentially differs from circulation.

of the money, but its continued removal further and further away from its starting-point. So long as the seller sticks fast to his money, which is the transformed shape of his commodity, that commodity is still in the first phase of its metamorphosis, and has completed only half its course. But so soon as he completes the process, so soon as he supplements his sale by a purchase, the money again leaves the hands of its possessor. It is true that if the weaver, after buying the Bible, sells more linen, money comes back into his hands. But this return is not owing to the circulation of the first 20 yards of linen; that circulation resulted in the money getting into the hands of the seller of the Bible. The return of money into the hands of the weaver is brought about only by the renewal or repetition of the process of circulation with a fresh commodity, which renewed process ends with the same result as its predecessor did. Hence the movement directly imparted to money by the circulation of commodities takes the form of a constant motion away from its starting point, of course from the hands of one commodity owner into those of another. This course constitutes its currency (cours de la mônnaie).

The currency of money is the constant and monotonous repetition of the same process. The commodity is always in the hands of the seller; the money, as a means of purchase, always in the hands of the buyer. And money serves as a means of purchase by realising the price of the commodity. This realisation transfers the commodity from the seller to the buyer, and removes the money from the hands of the buyer into those of the seller, where it again goes through the same process with another commodity. That this one-sided character of the money's motion arises out of the two-sided character of the commodity's motion, is a circumstance that is veiled over. The very nature of the circulation of commodities begets the opposite appearance. The first metamorphosis of a commodity is visibly, not only the money's movement, but also that of the commodity itself; in the second metamorphosis, on the contrary, the movement appears to us as the movement of the money alone. In the first phase of its circulation the commodity changes place with the money. Thereupon the commodity, under its aspect of a useful object, falls out of circulation into consumption.[1] In its stead

[1] Even when the commodity is sold over and over again, a phenomenon that at present has no existence for us, it falls, when definitely sold for the last time, out of the sphere of circulation into that of consumption, where it serves either as means of subsistence or means of production.

we have its value-shape the money. It then goes through the second phase of its circulation, not under its own natural shape, but under the shape of money. The continuity of the movement is therefore kept up by the money alone, and the same movement that as regards the commodity consists of two processes of an antithetical character, is, when considered as the movement of the money, always one and the same process, a continued change of places with ever fresh commodities. Hence the result brought about by the circulation of commodities, namely, the replacing of one commodity by another, takes the appearance of having been effected not by means of the change of form of the commodities, but rather by the money acting as a medium of circulation, by an action that circulates commodities, to all appearance motionless in themselves, and transfers them from hands in which they are non-use-values, to hands in which they are use-values; and that in a direction constantly opposed to the direction of the money. The latter is continually withdrawing commodities from circulation and stepping into their places, and in this way continually moving further and further from its starting-point. Hence, although the movement of the money is merely the expression of the circulation of commodities, yet the contrary appears to be the actual fact, and the circulation of commodities seems to be the result of the movement of the money.[1]

Again, money functions as a means of circulation, only because in it the values of commodities have independent reality. Hence its movement, as the medium of circulation, is, in fact, merely the movement of commodities while changing their forms. This fact must therefore make itself plainly visible in the currency of money. The twofold change of form in a commodity is reflected in the twice repeated change of place of the same piece of money during the complete metamorphosis of a commodity, and in its constantly repeated change of place, as metamorphosis follows metamorphosis, and each becomes interlaced with the others.

The linen, for instance, first of all exchanges its commodity-form for its money-form. The last term of its first metamorphosis (C—M), or the money-form, is the first term of its final metamorphosis (M—C), of its re-conversion into a useful commodity, the Bible. But each of these changes of form is accomplished by an exchange between commodity and money, by their reciprocal displacement. The same pieces of coin, in the first act, changed places with the linen, in the

[1] "Il (l'argent) n'a d'autre mouvement que celui qui lui est imprimé par les productions." (Le Trosne l.c.p. 885.)

second, with the Bible. They are displaced twice. The first metamorphosis puts them into the weaver's pocket, the second draws them out of it. The two inverse changes undergone by the same commodity are reflected in the displacement, twice repeated, but in opposite directions, of the same pieces of coin.

If, on the contrary, only one phase of the metamorphosis is gone through, if there are only sales or only purchases, then a given piece of money changes its place only once. Its second change corresponds to and expresses the second metamorphosis of the commodity, its reconversion from money into another commodity intended for use. It is a matter of course, that all this is applicable to the simple circulation of commodities alone, the only form that we are now considering.

Every commodity, when it first steps into circulation, and undergoes its first change of form, does so only to fall out of circulation again and to be replaced by other commodities. Money, on the contrary, as the medium of circulation, keeps continually within the sphere of circulation, and moves about in it. The question therefore arises, how much money this sphere constantly absorbs?

In a given country there take place every day at the same time, but in different localities, numerous onesided metamorphoses of commodities, or, in other words, numerous sales and numerous purchases. The commodities are equated beforehand in imagination, by their prices, to definite quantities of money. And since, in the form of circulation now under consideration, money and commodities always come bodily face to face, one at the positive pole of purchase, the other at the negative pole of sale, it is clear that the amount of the means of circulation required, is determined beforehand by the sum of the prices of all these commodities. As a matter of fact the money in reality represents the quantity or sum of gold ideally expressed beforehand by the sum of the prices of the commodities. The equality of these two sums is therefore self evident. We know, however, that, the values of commodities remaining constant, their prices vary with the value of gold (the material of money), rising in proportion as it falls, and falling in proportion as it rises. Now if, in consequence of such a rise or fall in the value of gold, the sum of the prices of commodities fall or rise, the quantity of money in currency must fall or rise to the same extent. The change in the quantity of the circulating medium is, in this case, it is true, caused by money itself, yet not in virtue of its function as a medium of circulation, but of its function as a measure of value. First, the price of the commodities varies inversely

as the value of the money, and then the quantity of the medium of circulation varies directly as the price of the commodities. Exactly the same thing would happen if, for instance, instead of the value of gold falling, gold were replaced by silver as the measure of value, or if, instead of the value of silver rising, gold were to thrust silver out from being the measure of value. In the one case, more silver would be current than gold was before; in the other case, less gold would be current than silver was before. In each case the value of the material of money, *i.e.*, the value of the commodity that serves as the measure of value, would have undergone a change, and therefore, so, too, would the prices of commodities which express their values in money, and so, too, would the quantity of money current whose function it is to realise those prices. We have already seen, that the sphere of circulation has an opening through which gold (or the material of money generally) enters into it as a commodity with a given value. Hence, when money enters on its functions as a measure of value, when it expresses prices, its value is already determined. If now its value fall, this fact is first evidenced by a change in the prices of those commodities that are directly bartered for the precious metals at the sources of their production. The greater part of all other commodities, especially in the imperfectly developed stages of civil society, will continue for a long time to be estimated by the former antiquated and illusory value of the measure of value. Nevertheless, one commodity infects another through their common value-relation, so that their prices, expressed in gold or in silver, gradually settle down into the proportions determined by their comparative values, until finally the values of all commodities are estimated in terms of the new value of the metal that constitutes money. This process is accompanied by the continued increase in the quantity of the precious metals, an increase caused by their streaming in to replace the articles directly bartered for them at their sources of production. In proportion therefore as commodities in general acquire their true prices, in proportion as their values become estimated according to the fallen value of the precious metal, in the same proportion the quantity of that metal necessary for realising those new prices is provided beforehand. A one-sided observation of the results that followed upon the discovery of fresh supplies of gold and silver, led some economists in the 17th, and particularly in the 18th century, to the false conclusion, that the prices of commodities had gone up in consequence of the increased quantity of gold and silver serving as means of circulation. Henceforth we shall consider the value

of gold to be given, as, in fact, it is momentarily whenever we estimate the price of a commodity.

On this supposition then, the quantity of the medium of circulation is determined by the sum of the prices that have to be realised. If now we further suppose the price of each commodity to be given, the sum of the prices clearly depends on the mass of commodities in circulation. It requires but little racking of brains to comprehend that if one quarter of wheat costs £2, 100 quarters will cost £200, 200 quarters £400, and so on, that consequently the quantity of money that changes place with the wheat, when sold, must increase with the quantity of that wheat.

If the mass of commodities remain constant, the quantity of circulating money varies with the fluctuations in the prices of those commodities. It increases or diminishes in consequence of the change of price. To produce this effect, it is by no means requisite that the prices of all commodities should rise or fall simultaneously. A rise or fall in the prices of a number of leading articles, is sufficient in the one case to increase, in the other to diminish, the sum of the prices of all commodities, and, therefore, to put more or less money in circulation. Whether the change in the price correspond to an actual change of value in the commodities, or whether it be the result of mere fluctuations in market prices, the effect on the quantity of the medium of circulation remains the same.

Suppose the following articles to be sold or partially metamorphosed simultaneously in different localities: say, one quarter of wheat, 20 yards of linen, one Bible, and 4 gallons of brandy. If the price of each article be £2, and the sum of the prices to be realised be consequently £8, it follows that £8 in money must go into circulation. If, on the other hand, these same articles are links in the following chain of metamorphoses: 1 quarter of wheat – £2 – 20 yards of linen – £2 – 1 Bible – £2 – 4 gallons of brandy – £2, a chain that is already well known to us, in that case the £2 cause the different commodities to circulate one after the other, and after realizing their prices successively, and therefore the sum of those prices, £8, they come to rest at last in the pocket of the distiller. The £2 thus make four moves. This repeated change of place of the same pieces of money corresponds to the double change in form of the commodities, to their motion in opposite directions through two staves of circulation, and to the interlacing of the metamorphoses of different commodities.[1] These anti-

[1] "Ce sont les productions qui le (l'argent) mettent en mouvement et le font circuler. . . . La célérité de son mouvement (sc. de l'argent) supplée à sa quantité

thetic and complementary phases, of which the process of metamorphosis consists, are gone through, not simultaneously, but successively. Time is therefore required for the completion of the series. Hence the velocity of the currency of money is measured by the number of moves made by a given piece of money in a given time. Suppose the circulation of the 4 articles takes a day. The sum of the prices to be realised in the day is £8, the number of moves of the two pieces of money is four, and the quantity of money circulated is £2. Hence, for a given interval of time during the process of circulation, we have the following relation: the quantity of money functioning as the circulating medium is equal to the sum of the prices of the commodities divided by the number of moves made by coins of the same denomination. This law holds generally.

The total circulation of commodities in a given country during a given period is made up on the one hand of numerous isolated and simultaneous partial metamorphoses, sales which are at the same time purchases, in which each coin changes its place only once, or makes only one move; on the other hand, of numerous distinct series of metamorphoses partly running side by side, and partly coalescing with each other, in each of which series each coin makes a number of moves, the number being greater or less according to circumstances. The total number of moves made by all the circulating coins of one denomination being given, we can arrive at the average number of moves made by a single coin of that denomination, or at the average velocity of the currency of money. The quantity of money thrown into the circulation at the beginning of each day is of course determined by the sum of the prices of all the commodities circulating simultaneously side by side. But once in circulation, coins are, so to say, made responsible for one another. If the one increase its velocity, the other either retards its own, or altogether falls out of circulation; for the circulation can absorb only such a quantity of gold as when multiplied by the mean number of moves made by one single coin or element, is equal to the sum of the prices to be realised. Hence if the number of moves made by the separate pieces increase, the total number of those pieces in circulation diminishes. If the number of the moves diminish, the total number of pieces increases. Since the quantity of money capable of being absorbed by the circulation is given for a given mean velocity of currency, all that is necessary in order to ab

Lorsqu'il en est besoin, il ne fait que glisser d'une main dans l'autre sans s'arrêter un instant." (Le Trosne, l. c. pp. 915, 916.)

stract a given number of sovereigns from the circulation is to throw the same number of one-pound notes into it, a trick well known to all bankers.

Just as the currency of money, generally considered, is but a reflex of the circulation of commodities, or of the antithetical metamorphoses they undergo, so, too, the velocity of the currency reflects the rapidity with which commodities change their forms, the continued interlacing of one series of metamorphoses with another, the hurried social interchange of matter, the rapid disappearance of commodities from the sphere of circulation, and the equally rapid substitution of fresh ones in their places. Hence, in the velocity of the currency we have the fluent unity of the antithetical and complementary phases, the unity of the conversion of the useful aspect of commodities into their value-aspect, and their re-conversion from the latter aspect to the former, or the unity of the two processes of sale and purchase. On the other hand, the retardation of the currency reflects the separation of these two processes into isolated antithetical phases, reflects the stagnation in the change of form, and therefore, in the social interchange of matter. The circulation itself, of course, gives no clue to the origin of this stagnation; it merely puts in evidence the phenomenon itself. The general public, who, simultaneously, with the retardation of the currency, see money appear and disappear less frequently at the periphery of circulation, naturally attribute this retardation to a quantitative deficiency in the circulating medium.[1]

[1]"Money being . . . the common measure of buying and selling, everybody who hath anything to sell, and cannot procure chapmen for it, is presently apt to *think*, that *want of money in the kingdom, or country, is the cause why his goods* do not go off, and so, want of money is the common cry; which is a great mistake. . . . . What do these people want, who cry out for money? . . . The farmer complains . . . he thinks that were more money in the country, he should have a price for his goods. Then it seems money is not his want, but a price for his corn and cattel, which he would sell, but cannot. . . Why cannot he get a price? . . . (1) Either there is too much corn and cattel in the country, so that most who come to market have need for selling, as he hath, and few of buying; or (2) There wants the usual vent abroad by transportation. . . ; or (3) The consumption fails, as when men, by reason of poverty, do not spend so much in their houses as formerly they did wherefore it is not the increase of specific money, which would at all advance the farmer's goods, but the removal of any of these three causes, which do truly keep down the market. . . . The merchant and shopkeeper want money in the same manner, that is, they want a vent for the goods they deal in, by reason that the markets fail." . . . [A nation] "never thrives better, than when riches are tost from hand to hand." (Sir Dudley North: 'Discourses upon Trade,' Lond 1691, pp. 11-15, passim.) Herrenschwand's fanciful notions amount merely to this, that the antagonism, which has its origin in the nature of commodities, and is reproduced in their circulation, can be removed by increasing the circulating medium. But if, on the one hand, it is a popular delusion to ascribe stagnation in production and circulation to insufficiency of the circulating medium, it by no means follows, on the other hand, that an actual paucity of the medium in consequence e.g., of bungling legislative interference with the regulation currency, may not give rise to such stagnation.

The total quantity of money functioning during a given period as the circulating medium, is determined, on the one hand, by the sum of the prices of the circulating commodities, and on the other hand, by the rapidity with which the antithetical phases of the metamorphoses follow one another. On this rapidity depends what proportion of the sum of the prices can, on the average, be realised by each single coin. But the sum of the prices of the circulating commodities depends on the quantity, as well as on the prices, of the commodities. These three factors, however, state of prices, quantity of circulating commodities, and velocity of money-currency, are all variable. Hence, the sum of the prices to be realised, and consequently the quantity of the circulating medium depending on that sum, will vary with the numerous variations of these three factors in combination. Of these variations we shall consider those alone that have been the most important in the history of prices.

While prices remain constant, the quantity of the circulating medium may increase owing to the number of circulating commodities increasing, or to the velocity of currency decreasing, or to a combination of the two. On the other hand the quantity of the circulating medium may decrease with a decreasing number of commodities, or with an increasing rapidity of their circulation.

With a general rise in the prices of commodities, the quantity of the circulating medium will remain constant, provided the number of commodities in the circulation decrease proportionally to the increase in their prices, or provided the velocity of currency increase at the same rate as prices rise, the number of commodities in circulation remaining constant. The quantity of the circulating medium may decrease, owing to the number of commodities decreasing more rapidly; or to the velocity of currency increasing more rapidly, than prices rise.

With a general fall in the prices of commodities, the quantity of the circulating medium will remain constant, provided the number of commodities increase proportionately to their fall in price, or provided the velocity of currency decrease in the same proportion. The quantity of the circulating medium will increase, provided the number of commodities increase quicker, or the rapidity of circulation decrease quicker, than the prices fall.

The variations of the different factors may mutually compensate each other, so that notwithstanding their continued instability, the sum of the prices to be realised and the quantity

of money in circulation remains constant; consequently, we find, especially if we take long periods into consideration, that the deviations from the average level, of the quantity of money current in any country, are much smaller than we should at first sight expect, apart of course from excessive perturbations periodically arising from industrial and commercial crises, or, less frequently, from fluctuations in the value of money.

The law, that the quantity of the circulating medium is determined by the sum of the prices of the commodities circulating, and the average velocity of currency[1] may also be stated as follows: given the sum of the values of commodities, and the average rapidity of their metamorphoses, the quantity of precious metal current as money depends on the value of that precious metal. The erroneous opinion that it is, on the contrary, prices that are determined by the quantity of the circulating medium, and that the latter depends on the quantity of the precious metals in a country;[2] this opinion was

[1] "There is a certain measure and proportion of money requisite to drive the trade of a nation, more or less than which would prejudice the same. Just as there is a certain proportion of farthings necessary in a small retail trade, to change silver money, and to even such reckonings as cannot be adjusted with the smallest silver pieces. . . . Now, as the proportion of the number of farthings requisite in commerce is to be taken from the number of people, the frequency of their exchanges: as also, and principally, from the value of the smallest silver pieces of money; so in like manner, the proportion of money [gold and silver specie] requisite in our trade, is to be likewise taken from the frequency of commutations, and from the bigness of the payments." (William Petty, "A Treatise on Taxes and Contributions." Lond. 1662, p. 17.) The Theory of Hume was defended against the attacks of J. Steuart and others, by A. Young, in his "Political Arithmetic," Lond. 1774, in which work there is a special chapter entitled "Prices depend on quantity of money," at p. 112, sq. I have stated in "Critique, &c.," p. 232: "He (Adam Smith) passes over without remark the question as to the quantity of coin in circulation, and treats money quite wrongly as a mere commodity." This statement applies only in so far as Adam Smith, ex officio, treats of money. Now and then, however, as in his criticism of the earlier systems of political economy, he takes the right view. "The quantity of coin in every country is regulated by the value of the commodities which are to be circulated by it. . . . The value of the goods annually bought and sold in any country requires a certain quantity of money to circulate and distribute them to their proper consumers, and can give employment to no more. The channel of circulation necessarily draws to itself a sum sufficient to fill it, and never admits any more." ("Wealth of Nations." Bk. IV., ch. I.) In like manner, ex-officio, he opens his work with an apotheosis on the division of labour. Afterwards, in the last book which treats of the sources of public revenue, he occasionally repeats the denunciations of the division of labour made by his teacher, A. Ferguson.

[2] "The prices of things will certainly rise in every nation, as the gold and silver increase amongst the people; and consequently, where the gold and silver decrease in any nation the prices of all things must fall proportionably to such decrease of money." (Jacob Vanderlint, "Money answers all Things." Lond. 1734, p. 5.) A careful comparison of this book with Hume's "Essays," proves to my mind without doubt that Hume was acquainted with and made use of Vanderlint's work, which is certainly an important one. "The opinion that prices are determined by the quantity of the circulating medium, was also held by Barbon and other much earlier writers. "No inconvenience," says Vanderlint, "can arise by an unrestrained trade, but very great advantage: since, if the cash of the nation be decreased by it, which prohibitions are designed to prevent, those nations that get the cash will certainly find everything advance in price, as the cash increases amongst them. And . . . our manufactures and everything else, will soon become so moderate as to turn the balance

based by those who first beheld it, on the absurd hypothesis that commodities are without a price, and money without a value, when they first enter into circulation, and that, once in the circulation, an aliquot part of the medley of commodities is exchanged for an aliquot part of the heap of precious metals.[2]

c. *Coin and symbols of value.*

That money takes the shape of coin, springs from its function as the circulating medium. The weight of gold represented in imagination by the prices of money names of commodities, must confront those commodities, within the circulation, in the shape of coins or pieces of gold of a given denomination. Coining, like the establishment of a standard of prices, is the business of the State. The different national uniforms worn at home by gold and silver as coins, and doffed again in the market of the world, indicate the separation between the internal or national spheres of the circulation of commodities, and their universal sphere.

The only difference, therefore, between coin and bullion, is one of shape, and gold can at any time pass from one form

of trade in our favour, and thereby fetch the money back again." (l. c. pp. 43, 44.)

[2] That the price of each single kind of commodity forms part of the sum of the prices of all the commodities in circulation, is a self-evident proposition. But how use-values, which are incommensurable with regard to each other, are to be exchanged, en masse, for the total sum of gold and silver in a country, is quite incomprehensible. If we start from the notion that all commodities together form one single commodity, of which each is but an aliquot part, we get the following beautiful result. The total commodity = x cwt. of gold. commodity A = an aliquot part of the total commodity = the same aliquot part of x cwt. of gold. This is stated in all seriousness by Montesquieu: "Si l'on compare la masse de l'or et de l'argent qui est dans le monde avec la somme des marchandises qui y sont, il est certain que chaque denrée ou marchandise, en particulier, pourra être comparée à une certaine portion de la masse entière. Supposons qu'il n'y ait qu'une seule denrée ou marchandise dans le monde, ou qu'il n'y ait qu'une seule qui s'achète, et qu'elle se divise comme l'argent. Cette partie de cette marchandise répondra à une partie de la masse de l'argent: la moitié du total de l'une à la moitié du total de l'autre. &c. . . . . l'établissement du prix des choses dépend toujours fondamentalement de la raison du total des choses au total des signes." (Montesquieu l. c. t. III., pp. 122, 13.) As to the further development of this theory by Ricardo and his disciples, James Mill, Lord Overstone and others, see "Critique of Political Economy," pp. 255. ff. John Stuart Mill, with his usual eclectic logic, understands how to hold at the same time the view of his father, James Mill, and the opposite view. On a comparison of the text of his compendium, "Principles of Pol. Econ.," with his preface to the first edition, in which preface he announces himself as the Adam Smith of his day—we do not know whether to admire more the simplicity of the man, or that of the public, who took him, in good faith, for the Adam Smith he announced himself to be, although he bears about as much resemblance to Adam Smith as say General Williams of Kars, to the Duke of Wellington. The original researches of Mr J. S. Mill which are neither extensive nor profound, in the domain of political economy will be found mustered in rank and file in his little work, "Some Unsettled Questions of Political Economy," which appeared in 1844. Locke asserts point blank the connexion between the absence of value in gold and silver, and the determination of their values by quantity alone, "Mankind having consented to put an imaginary value upon gold and silver . . . the intrinsik value, regarded in these metals, is nothing but the quantity." ("Some consider tions" &c., 1691, Works Ed. 1777, vol. II., p. 15.)

to the other.' But no sooner does coin leave the mint, than it immediately finds itself on the high-road to the melting pot. During their currency, coins wear away, some more, others less. Name and substance, nominal weight and real weight, begin their process of separation. Coins of the same denomination become different in value, because they are different in weight. The weight of gold fixed upon as the standard of prices, deviates from the weight that serves as the circulating medium, and the latter thereby ceases any longer to be a real equivalent of the commodities whose prices it realises. The history of coinage during the middle ages and down into the 18th century, records the ever renewed confusion arising from this cause. The natural tendency of circulation to convert coins into a mere semblance of what they profess to be, into a symbol of the weight of metal they are officially supposed to contain, is recognised by modern legislation, which fixes the loss of weight sufficient to demonetise a gold coin, or to make it no longer legal tender.

The fact that the currency of coins itself effects a separation between their nominal and their real weight, creating a distinction between them as mere pieces of metal on the one hand, and as coins with a definite function on the other—this fact implies the latent possibility of replacing metallic coins by tokens of some other material, by symbols serving the same purposes as coins. The practical difficulties in the way of coining extremely minute quantities of gold or silver, and the circumstance that at first the less precious metal is used as a measure of value instead of the more precious, copper instead of silver, silver instead of gold, and that the less precious circulates as money until dethroned by the more precious—all these facts explain the parts historically played by silver and copper tokens as substitutes for gold coins. Silver and copper tokens take the place of gold in those regions of the circulation where coins pass from hand to hand most rapidly, and are subject to the maximum amount of wear and tear. This occurs

[1] It lies, of course, entirely beyond my purpose to take into consideration such details as the seigniorage on minting. I will, however, cite for the benefit of the romantic sycophant, Adam Muller, who admires the "generous liberality" with which the English Government coins gratuitously, the following opinion of Sir Dudley North. "Silver and gold, like other commodities, have their ebbings and flowings. Upon the arrival of quantities from Spain . . . it is carried into the Tower, and coined. Not long after there will come a demand for bullion to be exported again. If there is none, but all happens to be in coin, what then? *Melt it down again*: there's no loss in it, for the coining costs the owner nothing. Thus the nation has been abused, and made to pay for the twisting of straw for asses to eat. If the merchant were made to pay the price of the coinage, he would not have sent his silver to the Tower without consideration: and coined money would always keep a value above uncoined silver." (North, l. c., p. 18). North was himself one of the foremost merchants in the reign of Charles II.

where sales and purchases on a very small scale are continually happening. In order to prevent these satellites from establishing themselves permanently in the place of gold, positive enactments determine the extent to which they must be compulsorily received as payment instead of gold. The particular tracks pursued by the different species of coin in currency, run naturally into each other. The tokens keep company with gold, to pay fractional parts of the smallest gold coin; gold is, on the one hand, constantly pouring into retail circulation, and on the other hand is as constantly being thrown out again by being changed into tokens.[1]

The weight of metal in the silver and copper tokens is arbitrarily fixed by law. When in currency, they wear away even more rapidly than gold coins. Hence their functions are totally independent of their weight, and consequently of all value. The function of gold as coin becomes completely independent of the metallic value of that gold. Therefore things that are relatively without value, such as paper notes, can serve as coins in its place. This purely symbolic character is to a certain extent masked in metal tokens. In paper money it stands out plainly. In fact, ce n'est que le premier pas qui coûte.

We allude here only to inconvertible paper money issued by the State and having compulsory circulation. It has its immediate origin in the metallic currency. Money based upon credit implies on the other hand conditions, which from our standpoint of the simple circulation of commodities, are as yet totally unknown to us. But we may affirm this much, that just as true paper money takes its rise in the function of money as the circulating medium, so money based upon credit takes root spontaneously in the function of money as the means of payment.[2]

[1] "If silver never exceed what is wanted for the smaller payments, it cannot be collected in sufficient quantities for the larger payments . . . the use of gold in the main payments necessarily implies also its use in the retail trade: those who have gold coin offering them for small purchases, and receiving with the commodity purchased a balance of silver in return, by which means the surplus of silver that would otherwise encumber the retail dealer, is drawn off and dispersed into general circulation. But if there is as much silver as will transact the small payments independent of gold, the retail trader must then receive silver for small purchases; and it must of necessity accumulate in his hands." (David Buchanan. "Inquiry into the Taxation and Commercial Policy of Great Britain." Edinburgh, 1844, pp. 248, 249.)

[2] The mandarin Wan mao in, the Chinese Chancellor of the Exchequer, took it into his head one day to lay before the Son of Heaven a proposal that correctly aimed at converting the assignats of the empire into convertible bank notes. The assignats Committee, in its report of April, 1854, gives him a severe snubbing. Whether he also received the traditional drubbing with bamboos is not stated. The concluding part of the report is as follows: "The Committee has carefully examined his proposal and finds that it is entirely in favour of the merchants, and that no advantage will result to the crown." (Arbeiten der

The State puts in circulation bits of paper on which their various denominations, say £1, £5, &c., are printed. In so far as they actually take the place of gold to the same amount, their movement is subject to the laws that regulate the currency of money itself. A law peculiar to the circulation of paper money can spring up only from the proportion in which that paper money represents gold. Such a law exists; stated simply, it is as follows: the issue of paper money must not exceed in amount the gold (or silver as the case may be) which would actually circulate if not replaced by symbols. Now the quantity of gold which the circulation can absorb, constantly fluctuates about a given level. Still, the mass of the circulating medium in a given country never sinks below a certain minimum easily ascertained by actual experience. The fact that this minimum mass continually undergoes changes in its constituent parts, or that the pieces of gold of which it consists are being constantly replaced by fresh ones, causes of course no change either in its amount or in the continuity of its circulation. It can therefore be replaced by paper symbols. If, on the other hand, all the conduits of circulation were to-day filled with paper money to the full extent of their capacity for absorbing money, they might to-morrow be overflowing in consequence of a fluctuation in the circulation of commodities. There would no longer be any standard. If the paper money exceed its proper limit, which is the amount of gold coins of the like denomination that can actually be current, it would, apart from the danger of falling into general disrepute, represent only that quantity of gold, which, in accordance with the laws of the circulation of commodities, is required, and is alone capable of being represented by paper. If the quantity of paper money issued be double what it ought to be, then, as a matter of fact, £1 would be the money-name not of ¼ of an ounce, but of ⅛ of an ounce of gold. The effect would be the same as if an alteration had taken place in the function of gold as a standard of prices. Those values that were previously expressed by the price of £1 would now be expressed by the price of £2.

Paper-money is a token representing gold or money. The relation between it and the values of commodities is this, that

Kaiserlich Russischen Gesandtschaft zu Peking über China. Aus dem Russischen von Dr. K. Abel und F. A. Mecklenburg. Erster Band. Berlin, 1858, pp. 47, 59.) In his evidence before the Committee of the House of Lords on the Bank Acts, a governor of the Bank of England says with regard to the abrasion of gold coin during currency: "Every year a fresh class of sovereigns becomes too light. The class which one year passes with full weight, loses enough by wear and tear to draw the scales next year against it." (*House of Lords' Committee*, 1848, n. 429.)

the latter are ideally expressed in the same quantities of gold that are symbolically represented by the paper. Only in so far as paper-money represents gold, which like all other commodities has value, is it a symbol of value.'

Finally, some one may ask why gold is capable of being replaced by tokens that have no value? But, as we have already seen, it is capable of being so replaced only in so far as it functions exclusively as coin, or as the circulating medium, and as nothing else. Now, money has other functions besides this one, and the isolated function of serving as the mere circulating medium is not necessarily the only one attached to gold coin, although this is the case with those abraded coins that continue to circulate. Each piece of money is a mere coin, or means of circulation, only so long as it actually circulates. But this is just the case with that minimum mass of gold, which is capable of being replaced by paper-money. That mass remains constantly within the sphere of circulation, continually functions as a circulating medium, and exists exclusively for that purpose. Its movement therefore represents nothing but the continued alteration of the inverse phases of the metamorphosis C—M—C, phases in which commodities confront their value-forms, only to disappear again immediately. The independent existence of the exchange value of a commodity is here a transient apparition, by means of which the commodity is immediately replaced by another commodity. Hence, in this process which continually makes money pass from hand to hand, the mere symbolical existence of money suffices. Its functional existence absorbs, so to say, its material existence. Being a transient and objective reflex of the prices of commodities, it serves only as a symbol of itself, and is therefore capable of being replaced by a token.[2] One thing is, however, requisite; this token must have an objective social validity of its own, and this the paper symbol ac-

[1]The following passage from Fullarton shows the want of clearness on the part of even the best writers on money, in their comprehension of its various functions: "That, as far as concerns our domestic exchanges, all the monetary functions which are usually performed by gold and silver coins, may be performed as effectually by a circulation of inconvertible notes, having no value but that factitious and conventional value they derive from the law, is a fact which admits, I conceive, of no denial. Value of this description may be made to answer all the purposes of intrinsic value, and supersede even the necessity for a standard, provided only the quantity of issues be kept under due limitation." (Fullarton: "Regulation of Currencies," London, p. 210.) Because the commodity that serves as money is capable of being replaced in circulation by mere symbols of value, therefore its functions as a measure of value and a standard of prices are declared to be superfluous.

[2]From the fact that gold and silver, so far as they are coins, or exclusively serve as the medium of circulation, become mere tokens of themselves, Nicholas Barbon deduces the right of Governments "to raise money," that is, to give to the weight of silver that is called a shilling the name of a greater weight, such

quires by its forced currency. This compulsory action of the State can take effect only within that inner sphere of circulation which is co-terminous with the territories of the community, but it is also only within that sphere that money completely responds to its function of being the circulating medium, or becomes coin.

SECTION 3.—MONEY.

The commodity that functions as a measure of value, and, either in its own person or by a representative, as the medium of circulation, is money. Gold (or silver) is therefore money. It functions as money, on the one hand, when it has to be present in its own golden person. It is then the money-commodity, neither merely ideal, as in its function of a measure of value, nor capable of being represented, as in its function of circulating medium. On the other hand, it also functions as money, when by virtue of its function, whether that function be performed in person or by representative, it congeals into the sole form of value, the only adequate form of existence of exchange-value, in opposition to use-value, represented by all other commodities.

a. Hoarding.

The continual movement in circuits of the two antithetical metamorphoses of commodities, or the never ceasing alternation of sale and purchase, is reflected in the restless currency of money, or in the function that money performs of a perpetuum mobile of circulation. But so soon as the series of metamorphoses is interrupted, so soon as sales are not supplemented by subsequent purchases, money ceases to be mobilised; it is transformed, as Boisguillebert says, from "meuble" into "immeuble," from movable into immovable, from coin into money.

With the very earliest development of the circulation of commodities, there is also developed the necessity, and the passionate desire, to hold fast the product of the first metamorphosis. This product is the transformed shape of the commodity, or its gold-chrysalis.[1] Commodities are thus sold

as a crown, and so to pay creditors shillings, instead of crowns. "Money does wear and grow lighter by often telling over . . . It is the denomination and currency of the money that men regard in bargaining, and not the quantity of silver . . 'Tis the public authority upon the metal that makes it money." (N. Barbon, l. c., pp. 29, 30, 35.)

[1] "Une richesse en argent n'est que . . . richesse en productions, converties en argent." (Mercier de la Rivière, l. c.) "Une valeur en productions n'a fait que changer de forme." (Id., p. 486.)

not for the purpose of buying others, but in order to replace their commodity-form by their money-form. From being the mere means of effecting the circulation of commodities, this change of form becomes the end and aim. The changed form of the commodity is thus prevented from functioning as its unconditionally alienable form, or as its merely transient money-form. The money becomes petrified into a hoard, and the seller becomes a hoarder of money.

In the early stages of the circulation of commodities, it is the surplus use-values alone that are converted into money. Gold and silver thus become of themselves social expressions for superfluity or wealth. This naive form of hoarding becomes perpetuated in those communities in which the traditional mode of production is carried on for the supply of a fixed and limited circle of home wants. It is thus with the people of Asia, and particularly of the East Indies. Vanderlint, who fancies that the prices of commodities in a country are determined by the quantity of gold and silver to be found in it, asks himself why Indian commodities are so cheap. Answer: Because the Hindoos bury their money. From 1602 to 1734, he remarks, they buried 150 millions of pounds sterling of silver, which originally came from America to Europe.[1] In the 10 years from 1856 to 1866, England exported to India and China £120,000,000 in silver, which had been received in exchange for Australian gold. Most of the silver exported to China makes its way to India.

As the production of commodities further develops, every producer of commodities is compelled to make sure of the nexus rerum of the social pledge.[2] His wants are constantly making themselves felt, and necessitate the continual purchase of other people's commodities, while the production and sale of his own goods require time, and depend upon circumstances. In order then to be able to buy without selling, he must have sold previously without buying. This operation, conducted on a general scale, appears to imply a contradiction. But the precious metals at the sources of their production are directly exchanged for other commodities. And here we have sales (by the owners of commodities) without purchases (by the owners of gold or silver.)[4] And subsequent sales, by other

[1] "'Tis by this practice they keep all their goods and manufactures at such low rates." (Vanderlint, l. c., p. 96.)

[2] "Money . . . is a pledge." (John Bellers, 'Essays about the Poor, Manufacturers, Trade, Plantations, and Immorality,' Lond., 1699, p. 13.)

[4] A purchase, in a "categorical" sense, implies that gold and silver are already the converted form of commodities, or the product of a sale

producers, unfollowed by purchases, merely bring about the distribution of the newly produced precious metals among all the owners of commodities. In this way, all along the line of exchange, hoards of gold and silver of varied extent are accumulated. With the possibility of holding and storing up exchange value in the shape of a particular commodity, arises also the greed for gold. Along with the extension of circulation, increases the power of money, that absolutely social form of wealth ever ready for use. "Gold is a wonderful thing! Whoever possesses it is lord of all he wants. By means of gold one can even get souls into Paradise." (Columbus in his letter from Jamaica, 1503.) Since gold does not disclose what has been transformed into it, everything, commodity or not, is convertible into gold. Everything becomes saleable and buyable. The circulation becomes the great social retort into which everything is thrown, to come out again as a gold-crystal. Not even are the bones of saints, and still less are more delicate res sacrosanctæ extra commercium hominum able to withstand this alchemy.[1] Just as every qualitative difference between commodities is extinguished in money, so money, on its side, like the radical leveller that it is, does away with all distinctions.[2] But money itself is a commodity, an external object, capable of becoming the private property of any individual. Thus social power becomes the private power of private persons. The ancients therefore denounced money as subversive of the economical and moral order of things.[3] Modern society, which soon after its birth, pulled

[1] Henry III., most Christian king of France, robbed cloisters of their relics, and turned them into money. It is well known what part the despoiling of the Delphic Temple, by the Phocians, played in the history of Greece. Temples with the ancients served as the dwellings of the gods of commodities. They were "sacred banks." With the Phœnicians, a trading people par excellence, money was the transmuted shape of everything. It was, therefore, quite in order that the virgins, who, at the feast of the Goddess of Love, gave themselves up to strangers, should offer to the goddess the piece of money they received.

[2] "Gold, yellow, glittering, precious gold!
Thus much of *this*, will make *black* white; *foul*, *fair*;
Wrong right; base, noble; old, young; coward, valiant.
... What this, you gods? Why, this
Will lug your priests and servants from your sides;
Pluck stout men's pillows from below their heads;
This yellow slave
Will knit and break religions; bless the accurs'd;
Make the hoar leprosy ador'd; place thieves,
And give them title, knee and approbation,
With senators on the bench; this is it,
That makes the wappen'd widow wed again:
.....Come damned earth,
Thou common whore of mankind."
(Shakespeare: Timon of Athens.)

[3] "Οὐδὲν γὰρ ἀνθρώποισιν οἷον ἄργυρος
Κακὸν νόμισμα ἔβλαστε τοῦτο καὶ πόλεις

Plutus by the hair of his head from the bowels of the earth,[1] greets gold as its Holy Grail, as the glittering incarnation of the very principle of its own life.

A commodity, in its capacity of a use-value, satisfies a particular want, and is a particular element of material wealth. But the value of a commodity measures the degree of its attraction for all other elements of material wealth, and therefore measures the social wealth of its owner. To a barbarian owner of commodities, and even to a West-European peasant, value is the same as value-form, and therefore, to him the increase in his hoard of gold and silver is an increase in value. It is true that the value of money varies, at one time in consequence of a variation in its own value, at another, in consequence of a change in the value of commodities. But this, on the one hand, does not prevent 200 ounces of gold from still containing more value than 100 ounces, nor, on the other hand, does it hinder the actual metallic form of this article from continuing to be the universal equivalent form of all other commodities, and the immediate social incarnation of all human labour. The desire after hoarding is in its very nature unsatiable. In its qualitative aspect, or formally considered, money has no bounds to its efficacy, *i.e.*, it is the universal representative of material wealth, because it is directly convertible into any other commodity. But, at the same time, every actual sum of money is limited in amount, and therefore, as a means of purchasing, has only a limited efficacy. This antagonism between the quantitive limits of money and its qualitative boundlessness, continually acts as a spur to the hoarder in his Sisyphus-like labour of accumulating. It is with him as it is with a conqueror who sees in every new country annexed, only a new boundary.

In order that gold may be held as money, and made to form a hoard, it must be prevented from circulating, or from transforming itself into a means of enjoyment. The hoarder, therefore, makes a sacrifice of the lusts of the flesh to his gold fetish. He acts in earnest up to the Gospel of abstention. On the other hand, he can withdraw from circulation no more than what he has thrown into it in the shape of commodities.

> Πορθεῖ, τόδ' ἄνδρας ἐξανύστι ησίν δόμων
> Τόδ' ἐκδιδάσκει καὶ παραλλάσσει φρένας
> Χρηστὰς προς αἰσχρὰ ἀνθρώποις ἔχειν
> Καὶ παντὸς ἔργου δυσσέβειαν εἰδέναι.
>
> (Sophocles, Antigone.)

[1] "Ελπίξουσης τῆς πλεονεξίας ἀνάξειν ἐκ τῶν μυχῶν τῆς γῆς αὐτὸν τὸν Πλοῦτωνα." — (Athen. Deipnos.)

The more he produces, the more he is able to sell. Hard work, saving, and avarice, are, therefore, his three cardinal virtues, and to sell much and buy little the sum of his political economy.[1]

By the side of the gross form of a hoard, we find also its æsthetic form in the possession of gold and silver articles. This grows with the wealth of civil society. "Soyons riches ou paraissons riches" (Diderot). In this way there is created, on the one hand, a constantly extending market for gold and silver, unconnected with their functions as money, and, on the other hand, a latent source of supply, to which recourse is had principally in times of crisis and social disturbance.

Hoarding serves various purposes in the economy of the metallic circulation. Its first function arises out of the conditions to which the currency of gold and silver coins is subject. We have seen how, along with the continual fluctuations in the extent and rapidity of the circulation of commodities and in their prices, the quantity of money current unceasingly ebbs and flows. This mass must, therefore, be capable of expansion and contraction. At one time money must be attached in order to act as circulating coin, at another, circulating coin must be repelled in order to act again as more or less stagnant money. In order that the mass of money, actually current, may constantly saturate the absorbing power of the circulation, it is necessary that the quantity of gold and silver in a country be greater than the quantity required to function as coin. This condition is fulfilled by money taking the form of hoards. These reserves serve as conduits for the supply or withdrawal of money to or from the circulation, which in this way never overflows its banks.[2]

b. Means of Payment.

In the simple form of the circulation of commodities hitherto considered, we found a given value always presented to us in a double shape, as a commodity at one pole, as money at the opposite pole. The owners of commodities came therefore into contact as the respective representatives of what were already equivalents. But with the development of circulation, condi-

[1] "Accrescere quanto più si può il numero de' venditori d'ogni merce, diminuire quanto più si può il numero dei compratori, questi sono i cardini sui quali si raggirano tutte le operazioni di economia politica." (Verri, l. c. p. 52.)

[2] "There is required for carrying on the trade of the nation a determinate sum of perdick money, which varies, and is sometimes more, sometimes less, as the circumstances we are in require. . . . This ebbing and flowing of *money supplies and accommodates itself*, without any aid of Politicians. . . . The buckets work alternately, when money is scarce, bullion is coined; when bullion is scarce, money is melted." (Sir D. North, l. c., postscript, p. 3.) John Stuart Mill, who for a long time was an official of the East India Company, confirms the fact that in India silver ornaments still continue to perform directly the functions of a hoard. The silver ornaments are brought out

tions arise under which the alienation of commodities becomes separated, by an interval of time, from the realisation of their prices. It will be sufficient to indicate the most simple of these conditions. One sort of article requires a longer, an other a shorter time for its production. Again, the production of different commodities depends on different seasons of the year. One sort of commodity may be born on its own market place, another has to make a long journey to market. Commodity-owner No. 1, may therefore be ready to sell, before No. 2 is ready to buy. When the same transactions are continually repeated between the same persons, the conditions of sale are regulated in accordance with the conditions of production. On the other hand, the use of a given commodity, of a house, for instance, is sold (in common parlance, let) for a definite period. Here, it is only at the end of the term that the buyer has actually received the use-value of the commodity. He therefore buys it before he pays for it. The vendor sells an existing commodity, the purchaser buys as the mere representative of money, or rather future money. The vendor becomes a creditor, the purchaser becomes a debtor. Since the metamorphosis of commodities, or the development of their value-form, appears here under a new aspect, money also acquires a fresh function; it becomes the means of payment.

The character of creditor, or of debtor, results here from the simple circulation. The change in the form of that circulation stamps buyer and seller with this new die. At first, therefore, these new parts are just as transient and alternating as those of seller and buyer, and are in turns played by the same actors. But the opposition is not nearly so pleasant, and is far more capable of crystallization.[1] The same characters can, however, be assumed independently of the circulation of commodities. The class-struggles of the ancient world took the form chiefly of a contest between debtors and creditors, which in Rome ended in the ruin of the plebeian debtors. They were displaced by slaves. In the middle-ages the contest ended with the ruin of the feudal debtors, who lost their political power together with the economical basis on which it was established. Nevertheless, the money relation of debtor

and coined when there is a high rate of interest, and go back again when the rate of interest falls. (J. S. Mill's Evidence. 'Report on Bank Act,' 1857, 2084.) According to a Parliamentary document of 1864, on the gold and silver import and export of India, the import of gold and silver in 1863 exceeded the export by £19,367,764. During the 8 years immediately preceding 1864 the excess of imports over exports of the precious metals amounted to £109,652,917. During the century far more than £200,000,000 has been coined in India.

[1] The following shows the debtor and creditor relations existing between English traders at the beginning of the 18th century. "Such a spirit of cruelty reigns here in England among the men of trade, that is not to be met with in any other society of men, nor in any other kingdom of the world." ("An Essay on Credit and the Bankrupt Act," Lond., 1707, p. 2.)

and creditor that existed at these two periods reflected only the deeper-lying antagonism between the general economical conditions of existence of the classes in question.

Let us return to the circulation of commodities. The appearance of the two equivalents, commodities and money, at the two poles of the process of sale, has ceased to be simultaneous. The money functions now, first as a measure of value in the determination of the price of the commodity sold; the price fixed by the contract measures the obligation of the debtor, or the sum of money that he has to pay at a fixed date. Secondly, it serves as an ideal means of purchase. Although existing only in the promise of the buyer to pay, it causes the commodity to change hands. It is not before the day fixed for payment that the means of payment actually steps into circulation, leaves the hand of the buyer for that of the seller. The circulating medium was transformed into a hoard, because the process stopped short after the first phase, because the converted shape of the commodity, viz., the money, was withdrawn from circulation. The means of payment enters the circulation, but only after the commodity has left it. The money is no longer the means that brings about the process. It only brings it to a close, by stepping in as the absolute form of existence of exchange value, or as the universal commodity. The seller turned his commodity into money, in order thereby to satisfy some want; the hoarder did the same in order to keep his commodity in its money-shape, and the debtor in order to be able to pay; if he do not pay, his goods will be sold by the sheriff. The value-form of commodities, money, is therefore now the end and aim of a sale, and that owing to a social necessity springing out of the process of circulation itself.

The buyer converts money back into commodities before he has turned commodities into money: in other words, he achieves the second metamorphosis of commodities before the first. The seller's commodity circulates, and realises its price, but only in the shape of a legal claim upon money. It is converted into a use-value before it has been converted into money. The completion of its first metamorphosis follows only at a later period.[2]

[2] It will be seen from the following quotation from my book which appeared in 1859, why I take no notice in the text of an opposite form: "Contrariwise, in the process M — C, the money can be alienated as a real means of purchase, and in that way the price of the commodity can be realised before the use-value of the money is realised and the commodity actually delivered. This occurs constantly under the every day form of pre-payments. And it is under this form, that the English government purchases opium from the ryots of India. . . . . In these cases, however, the money always acts as a means of purchase. . . . Of course capital also is advanced in the shape of money. . . . This point

The obligations falling due within a given period, represent the sum of the prices of the commodities, the sale of which gave rise to those obligations. The quantity of gold necessary to realise this sum, depends, in the first instance, on the rapidity of currency of the means of payment. That quantity is conditioned by two circumstances: first the relations between debtors and creditors form a sort of chain, in such a way that A, when he receives money from his debtor B, straightway hands it over to C his creditor, and so on; the second circumstance is the length of the intervals between the different due-days of the obligations. The continuous chain of payments, or retarded first metamorphoses, is essentially different from that interlacing of the series of metamorphoses which we considered on a former page. By the currency of the circulating medium, the connexion between buyers and sellers, is not merely expressed. This connexion is originated by, and exists in, the circulation alone. Contrariwise, the movement of the means of payment expresses a social relation that was in existence long before.

The fact that a number of sales take place simultaneously, and side by side, limits the extent to which coin can be replaced by the rapidity of currency. On the other hand, this fact is a new lever in economising the means of payment. In proportion as payments are concentrated at one spot, special institutions and methods are developed for their liquidation. Such in the middle ages were the *virements* at Lyons. The debts due to A from B, to B from C, to C from A, and so on, have only to be confronted with each other, in order to annul each other to a certain extent like positive and negative quantities. There thus remains only a single balance to pay. The greater the amount of the payments concentrated, the less is this balance relatively to that amount, and the less is the mass of the means of payment in circulation.

The function of money as the means of payment implies a contradiction without a terminus medius. In so far as the payments balance one another, money functions only ideally as money of account, as a measure of value. In so far as actual payments have to be made, money does not serve as a circulating medium, as a mere transient agent in the interchange of products, but as the individual incarnation of social labour, as the independent form of existence of exchange value, as the universal commodity. This contradiction comes to a head in those phases of industrial and commercial crises

of view, however, does not fall within the horizon of simple circulation. ("Critique," &c., pp. 188.)

which are known as monetary crises.[1] Such a crisis occurs only where the ever-lengthening chain of payments, and an artificial system of settling them, has been fully developed. Whenever there is a general and extensive disturbance of this mechanism, no matter what its cause, money becomes suddenly and immediately transformed, from its merely ideal shape of money of account, into hard cash. Profane commodities can no longer replace it. The use-value of commodities becomes valueless, and their value vanishes in the presence of its own independent form. On the eve of the crisis, the bourgeois, with the self-sufficiency that springs from intoxicating prosperity, declares money to be a vain imagination. Commodities alone are money. But now the cry is everywhere: money alone is a commodity! As the hart pants after fresh water, so pants his soul after money, the only wealth.[2] In a crisis, the antithesis between commodities and their value-form, money, becomes heightened into an absolute contradiction. Hence, in such events, the form under which money appears is of no importance. The money famine continues, whether payments have to be made in gold or in credit money such as bank notes.[3]

If we now consider the sum total of the money current during a given period, we shall find that, given the rapidity of currency of the circulating medium and of the means of payment, it is equal to the sum of the prices to be realised, plus the sum of the payments falling due, minus the payments that balance each other, minus finally the number of circuits in

[1] The monetary crisis referred to in the text, being a phase of every crisis, must be clearly distinguished from that particular form of crisis, which also is called a monetary crisis, but which may be produced by itself as an independent phenomenon in such a way as to react only indirectly on industry and commerce. The pivot of these crises is to be found in moneyed capital, and their sphere of direct action is therefore the sphere of that capital, viz., banking, the stock exchange, and finance.

[2] "The sudden reversion from a system of credit to a system of hard cash heaps theoretical fright on top of the practical panic, and the dealers, by whose agency circulation is affected, shudder before the impenetrable mystery in which their own economical relations are involved." (Karl Marx, l. c., p. 198). "The poor stand still, because the rich have no money to employ them, though they have the same hands and hands to provide victuals and clothes, as ever they had . . . . . which is the true Riches of a Nation, and not the money." (John Bellers, "Proposals for raising a College of Industry." Lond. 1695, p. 3).

The following shows how such times are exploited by the "amis du commerce." "On one occasion (1839) an old grasping banker (in the city) in his private room raised the lid of the desk he sat over, and displayed to a friend rolls of banknotes, saying with intense glee there were 1000 000 of them, they were held to make money tight, and would all be let out after three o'clock on the same day." ("The Theory of Exchanges. The Bank Charter Act of 1844." Lond. 1864, p. 81.) The "Observer," a semi-official government organ, contained the following paragraph on 24th April, 1864: "Some very curious rumours are current of the means which have been resorted to in order to create a scarcity of Banknotes . . . Questionable as it would seem, to suppose that any trick of the kind would be adopted, the report has been so universal that it really deserves mention."

which the same piece of coin serves in turn as means of circulation and of payment. Hence, even when prices, rapidity of currency, and the extent of the economy in payments, are given, the quantity of money current and the mass of commodities circulating during a given period, such as a day, no longer correspond. Money that represents commodities long withdrawn from circulation, continues to be current. Commodities circulate, whose equivalent in money will not appear on the scene till some future day. Moreover, the debts contracted each day, and the payments falling due on the same day, are quite incommensurable quantities.[1]

Credit-money springs directly out of the function of money as a means of payment. Certificates of the debts owing for the purchased commodities circulate for the purpose of transferring those debts to others. On the other hand, to the same extent as the system of credit is extended, so is the function of money as a means of payment. In that character it takes various forms peculiar to itself under which it makes itself at home in the sphere of great commercial transactions. Gold and silver coin, on the other hand, are mostly relegated to the sphere of retail trade.[2]

When the production of commodities has sufficiently extended itself, money begins to serve as the means of payment beyond the sphere of the circulation of commodities. It becomes the commodity that is the universal subject-matter of

[1] "The amount of purchases or contracts entered upon during the course of any given day, will not affect the quantity of money afloat on that particular day, but in the vast majority of cases, will resolve themselves into multifarious drafts upon the quantity of money which may be afloat at subsequent dates more or less distant. . . . The bills granted or credits opened, today, need have no resemblance whatever, either in quantity, amount, or duration, to those granted or entered upon to-morrow or next day, nay, many of to-day's bills, and credits, when due, fall in with a mass of liabilities whose origins traverse a range of antecedent dates altogether indefinite, bills at 12, 6, 3 months or 1 often aggregating together to swell the common liabilities of one particular day . . ." ("The Currency Theory Reviewed: a letter to the Scottish people" By a Banker in England. Edinburgh 1845, pp. 29, 30 passim.)

[2] As an example of how little ready money is required in true commercial operations, I give below a statement by one of the largest London houses of its yearly receipts and payments. Its transactions during the year 1856, extending to many millions of pounds sterling, are here reduced to the scale of one million.

Receipts.		Payments.	
Bankers' and Merchants' Bills payable after date	£533,596	Bills payable after date	£302,674
Cheques on Bankers, &c., payable on demand	357,715	Cheques on London Bankers	663,672
Country Notes	9,627	Bank of England Notes	22,743
Bank of England Notes	68,554	Gold	9,427
Gold	28,089	Silver and Copper	1,484
Silver and Copper	1,486		
Post Office Orders	933		
Total	£1,000,000	Total	£1,000,000

"Report from the Select Committee on the Bank Acts, July, 1858," p. lxvi.

all contracts.[1] Rents, taxes, and such like payments are transformed from payments in kind into money payments. To what extent this transformation depends upon the general conditions of production, is shown, to take one example, by the fact that the Roman Empire twice failed in its attempt to levy all contributions in money. The unspeakable misery of the French agricultural population under Louis XIV., a misery so eloquently denounced by Boisguillebert, Marshal, Vauban, and others, was due not only to the weight of the taxes, but also to the conversion of taxes in kind into money taxes.[2] In Asia, on the other hand, the fact that state taxes are chiefly composed of rents payable in kind, depends on conditions of production that are reproduced with the regularity of natural phenomena. And this mode of payment tends in its turn to maintain the ancient form of production. It is one of the secrets of the conservation of the Ottoman Empire. If the foreign trade, forced upon Japan by Europeans, should lead to the substitution of money rents for rents in kind, it will be all up with the exemplary agriculture of that country. The narrow economical conditions under which that agriculture is carried on, will be swept away.

In every country, certain days of the year become by habit recognised settling days for various large and recurrent payments. These dates depend, apart from other revolutions in the wheel of reproduction, on conditions closely connected with the seasons. They also regulate the dates for payments that have no direct connexion with the circulation of commodities such as taxes, rents, and so on. The quantity of money requisite to make the payments, falling due on those dates all over the country, causes periodical, though merely superficial perturbations in the economy of the medium of payment.[3]

[1] "The course of trade being thus turned, from exchanging of goods for goods, or delivering and taking, to selling and paying, all the bargains . . . are now stated upon the foot of a Prince in money." "An Essay upon Publick Credit." 3rd Ed. Lond. 1710, p. 8.)

[2] "L'argent. . . est devenu le bourreau de toutes choses." Finance is the "alambic, qui a fait évaporer une quantité effroyable de biens et de denrées pour faire ce fatal précis." "L'argent déclare la guerre à tout le genre humain." (*Boisguillebert*: "Dissertation sur la nature des richesses, de l'argent et des tributs." Edit. Daire. Economistes financiers. Paris, 1843, t. i., pp. 413, 419, 417.

[3] "On Whitsuntide, 1824," says Mr. Craig before the Commons' Committee of 1826, "there was such an immense demand for notes upon the banks of Edinburgh, that by 11 o'clock they had not a note left in their custody. They sent round to all the different banks to borrow, but could not get them, and many of the transactions were adjusted by slips of paper only; yet by three o'clock the whole of the notes were returned into the banks from which they had issued! It was a mere transfer from hand to hand." Although the average effective circulation of bank-notes in Scotland is less than three millions sterling, yet on certain pay days in the year every single note in the possession of the bankers, amounting in the whole to about £7,000,000 is called into activity. On these occasions the notes have a single and specific function to perform, and so soon as they have performed it, they flow back into the var-

From the law of the rapidity of currency of the means of payment, it follows that the quantity of the means of payment required for all periodical payments, whatever their source, is in inverse proportion to the length of their periods.[1]

The development of money into a medium of payment makes it necessary to accumulate money against the dates fixed for the payment of the sums owing. While hoarding, as a distinct mode of acquiring riches, vanishes with the progress of civil society, the formation of reserves of the means of payment grows with that progress.

c. Universal Money

When money leaves the home sphere of circulation, it strips off the local garbs which it there asumes, of a standard of prices, of coin, of tokens, and of a symbol of value, and returns to its original form of bullion. In the trade between the markets of the world, the value of commodities is expressed so as to be universally recognized. Hence their independent value-form also, in these cases, confronts them under the shape of universal money. It is only in the markets of the world that money acquires to the full extent the character of the commodity whose bodily form is also the immediate social incarnation of human labour in the abstract. Its real mode of existence in this sphere adequately corresponds to its ideal concept.

Within the sphere of home circulation, there can be but one commodity which, by serving as a measure of value, becomes money. In the markets of the world a double measure of value holds sway, gold and silver.[2]

ious banks from which they issued. (See John Fullarton, "Regulation of Currencies." Lond.: 1844, p. 85 note.) In explanation it should be stated, that in Scotland, at the date of Fullarton's work, notes and not cheques were used to withdraw deposits.

[1]To the question, "If there were occasion to raise 40 millions p.a., whether the same 6 millions (gold) . . . would suffice for such revolutions and circulations thereof, as trade requires," Petty replies in his usual masterly manner, "I answer yes; for the expense being 40 millions, if the revolutions were in such short circles, viz., weekly, as happens among poor artizans and labourers, who receive and pay every Saturday, then 40-52nd parts of 1 million of money would answer these ends; but if the circles be quarterly, according to our custom of paying rent, and gathering taxes, then 10 millions were requisite. Wherefore, supposing payments in general to be of a mixed circle between one week and 13, then add 10 millions to 40-52nds the half of which will be 5½, so as if we have 5½ millions we have enough." (William Petty "Political Anatomy of Ireland." 1672. Edit.: Lond., 1691, pp. 13. 14.)

[2]Hence the absurdity of every law prescribing that the banks of a country shall form reserves of that precious metal alone which circulates at home. The "pleasant difficulties" thus self-created by the Bank of England, are well known. On the subject of the great epochs in the history of the changes in the relative value of gold and silver, see Karl Marx, l. c. p. 215 sq. Sir Robert Peel, by his Bank Act of 1844, sought to tide over the difficulty by allowing the Bank of England to issue notes against silver bullion, on condition that the

Money of the world serves as the universal medium of payment, as the universal means of purchasing, and as the universally recognized embodiment of all wealth. Its function as a means of payment in the settling of international balances is its chief one. Hence the watchword of the mercantilists, balance of trade.[1] Gold and silver serve as international means of purchasing chiefly and necessarily in those periods when the customary equilibrium in the interchange of products between different nations is suddenly disturbed. And lastly,

reserve of silver should never exceed more than one fourth of the reserve of gold. The value of silver being for that purpose estimated at its price in the London market.—Note to the 4th German edition. We find ourselves once more in a period of a marked change in the relative values of gold and silver. About 25 years ago the ratio of gold to silver was 15.5 to 1, now it is about 22 to 1, and silver is continually falling against gold. This is essentially a result of a revolution in the processes of production of these two metals. Formerly gold was obtained almost exclusively by washing alluvial strata containing gold, the products of disintegration of gold carrying rocks. But now this method is no longer sufficient and has been crowded to the rear by the mining of quartz layers containing gold, a method formerly considered as secondary, although well known even to the ancients (Diodorus, III, 12-14). On the other hand, immense new silver deposits were discovered in the American Rocky Mountains, and these as well as the Mexican silver mines opened up by means of railroads, which permitted the influx of modern machinery and fuel and thereby reduced the cost and increased the output of silver mining. But there is a great difference in the way in which both metals occur in the ore beds. The gold is generally solid, but scattered in minute particles through the quartz layers. The whole diggings must therefore be crushed and the gold washed out or extracted by means of quicksilver. Frequently one million grams of quartz do not contain more than 1 to 3 grams of gold, and rarely more than 30 to 60 grams. Silver, on the other hand, is rarely found in the pure state, but it occurs in some ores which are easily separated from the dross and contain as much as 40 to 90% of silver. Or smaller quantities of it are found in ores like copper, lead, etc., which are themselves worth mining. This alone is sufficient to show that the work of producing gold has rather increased, while that of producing silver has certainly decreased, and this quite naturally explains the fall in the value of silver. This fall in value would express itself in a still greater fall of price, if the price of silver were not held up even now by artificial means. The silver deposits of America, however, have been made accessible only to a small extent, and there is, consequently, every prospect of a continued fall in the value of silver. This must be further promoted by the relative decrease of the demand for silver for articles of use and luxury, its displacement by plated wares, aluminum, etc. Judge, then, of the utopianism of the bimetallist illusion that a forced international quotation could raise silver to its old value of 15.5 to 1. The chances are rather that silver will lose more and more of its character as money on the world market. F. E.

[1] The opponents, themselves, of the mercantile system, a system which considered the settlement of surplus trade balances in gold and silver as the aim of international trade, entirely misconceived the functions of money of the world. I have shown by the example of Ricardo in what way their false conception of the laws that regulate the quantity of the circulating medium, is reflected in their equally false conception of the international movement in the precious metals (l. c. pp. 150 sq.). His erroneous dogma: "An unfavourable balance of trade never arises but from a redundant currency. . . The exportation of the coin is caused by its cheapness, and is not the effect, but the cause of an unfavourable balance," already occurs in Barbon: "The Balance of Trade, if there be one, is not the cause of sending away the money out of a nation, but that proceeds from the difference of the value of bullion in every country." (N. Barbon; l. c. pp. 59, 60.) MacCulloch in "the Literature of Political Economy, a classified catalogue, Lond. 1845," praises Barbon for this anticipation, but prudently passes over the naive forms, in which Barbon clothes the absurd supposition on which the "currency principle" is based. The absence of real criticism and even of honesty, in that catalogue, culminates in the sections devoted to the history of the theory of money; the reason is that MacCulloch in this part of the work is flattering Lord Overstone whom he calls "fecile princeps argentariorum."

it serves as the universally recognised embodiment of social wealth, whenever the question is not of buying or paying, but of transferring wealth from one country to another, and whenever this transference in the form of commodities is rendered impossible, either by special conjuncture in the markets, or by the purpose itself that is intended.'

Just as every country needs a reserve of money for its home circulation, so, too, it requires one for external circulation in the markets of the world. The functions of hoards, therefore, arise in part out of the function of money, as the medium of the home circulation and home payments, and in part out of its function of money of the world.[2] For this latter function, the genuine money-commodity, actual gold and silver, is necessary. On that account, Sir James Steuart, in order to distinguish them from their purely local substitutes, calls gold and silver "money of the world."

The current of the stream of gold and silver is a double one. On the one hand, it spreads itself from its sources over all the markets of the world, in order to become absorbed, to various extents, into the different national spheres of circulation, to fill the conduits of currency, to replace abraded gold and silver coins, to supply the material of articles of luxury, and to petrify into hoards.[3] This first current is started by the countries that exchange their labour, realise in commodities, for the labour embodied in the precious metals by gold and silver-producing countries. On the other hand, there is a continual flowing backwards and forwards of gold and silver between the different national spheres of circulation, a current whose motion depends on the ceaseless fluctuations in the course of exchange.[4]

[1] For instance, in subsidies, money loans for carrying on wars or for enabling banks to resume cash payments, &c., it is the money form, and no other, of value that may be wanted.

[2] I would desire, indeed, no more convincing evidence of the competency of the machinery of the hoards in specie-paying countries to perform every necessary office of international adjustment, without any sensible aid from the general circulation, than the facility with which France which but just recovering from the shock of a destructive foreign invasion completed within the space of 27 months the payment of her forced contribution of nearly 20 millions to the allied powers, and a considerable proportion of the sum in specie, without any perceptible contraction or derangement of her domestic currency, or even any alarming fluctuation of her exchanges." (Fullarton, l. c., p. 134.) —Note to the 4th German edition.—A still more convincing illustration is given by the ease with which the same France, in 1871 to 1873, was able to pay off in 30 months a war indemnity ten times larger, and to a considerable extent also in metal money. F. E.

[3] "L'argent se partage entre les nations relativement au besoin qu'elles en ont.. étant toujours attiré par les productions." (Le Trosne l. c., p. 916.) "The mines which are continually giving gold and silver, do give sufficient to supply such a needful balance to every nation." (J. Vanderlint l. c., p. 40.)

[4] "Exchanges rise and fall every week, and at some particular times in the year run high against a nation, and at other times run as high on the contrary." (N. Barbon, l. c., p. 39.)

Countries in which the bourgeois form of production is developed to a certain extent, limit the hoards concentrated in the strong rooms of the banks to the minimum required for the proper performance of their peculiar functions.[1] Whenever these hoards are strikingly above their average level, it is, with some exceptions, an indication of stagnation in the circulation of commodities, of an interruption in the even flow of their metamorphoses.[2]

PART II.

THE TRANSFORMATION OF MONEY INTO CAPITAL.

CHAPTER IV.

The General Formula for Capital.

The circulation of commodities is the starting point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical groundwork from which it rises. The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market.

If we abstract from the material substance of the circulation of commodities, that is, from the exchange of various use-values, and consider only the economic forms produced by this process of circulation, we find its final result to be money: this final product of the circulation of commodities is the first form in which capital appears.

As a matter of history, capital, as opposed to landed property, invariably takes the form at first of money; it appears as moneyed wealth, as the capital of the merchant and of the

[1] These various functions are liable to come into dangerous conflict with one another whenever gold and silver have also to serve as a fund for the conversion of bank-notes.

[2] "What money is more than of absolute necessity for a Home Trade, is dead stock . . . and brings no profit to that country it's kept in, but as it is transported in trade, as well as imported." (John Bellers, Essays, p. 12.) "What if we have too much coin? We may melt down the heaviest and turn it into the splendour of plate, vessels or utensils of gold or silver, or send it *out as a commodity, where the same is wanted or desired*; or let it out at interest, where interest is high." (W. Petty: "Quantulumcunque," p. 39.) "Money is but the fat of the Body Politick, whereof too much doth as often hinder its agility, as too little makes it sick . . . . as fat lubricates the motion of the muscles, feeds in want of victuals, fills up the uneven cavities, and beautifies the body; so doth money in the state quicken its action, feeds from abroad in time of dearth at home; evens accounts . . and beautifies the whole; although more especially the particular persons that have it in plenty." (W. Petty. "Political Anatomy of Ireland," p. 14.)

usurer.[1] But we have no need to refer to the origin of capital in order to discover that the first form of appearance of capital is money. We can see it daily under our very eyes. All new capital, to commence with, comes on the stage, that is, on the market, whether of commodities, labour, or money, even in our days, in the shape of money that by a definite process has to be transformed into capital.

The first distinction we notice between money that is money only, and money that is capital, is nothing more than a difference in their form of circulation.

The simplest form of the circulation of commodities is C—M—C, the transformation of commodities into money, and the change of the money back again into commodities; or selling in order to buy. But alongside of this form we find another specifically different form: M—C—M, the transformation of money into commodities, and the change of commodities back again into money; or buying in order to sell. Money that circulates in the latter manner is thereby transformed into, becomes capital, and is already potentially capital.

Now let us examine the circuit M—C—M a little closer. It consists, like the other, of two antithetical phases. In the first phase, M—C, or the purchase, the money is changed into a commodity. In the second phase, C—M, or the sale, the commodity is changed back again into money. The combination of these two phases constitutes the single movement whereby money is exchanged for a commodity and the same commodity is again exchanged for money; whereby a commodity is bought in order to be sold, or, neglecting the distinction in form between buying and selling, whereby a commodity is bought with money, and then money is bought with a commodity.[2] The result, in which the phases of the process vanish, is the exchange of money for money, M—M. If I purchase 2000 lbs. of cotton for £100, and resell the 2000 lbs. of cotton for £110, I have, in fact, exchanged £100 for £110, money for money.

Now it is evident that the circuit M—C—M would be absurd and without meaning if the intention were to exchange by this means two equal sums of money, £100 for £100. The miser's plan would be far simpler and surer; he sticks to his

[1] The contrast between the power, based on the personal relations of dominion and servitude, that is conferred by landed property, and the impersonal power that is given by money, is well expressed by the two French proverbs, "Nulle terre sans seigneur," and "L'argent n'a pas demaitre."

[2] "Avec de l'argent on achète des marchandises, et avec des marchandises on achète de l'argent." (Mercier de la Riviere: "L'ordre naturel et essentiel des sociétés politiques," p. 543.)

£100 instead of exposing it to the dangers of circulation. And yet, whether the merchant who has paid £100 for his cotton sells it for £110, or lets it go for £100, or even £50, his money has, at all events, gone through a characteristic and original movement, quite different in kind from that which it goes through in the hands of the peasant who sells corn, and with the money thus set free buys clothes. We have therefore to examine first the distinguishing characteristics of the forms of the circuits M—C—M and C—M—C, and in doing this the real difference that underlies the mere difference of form will reveal itself.

Let us see, in the first place, what the two forms have in common.

Both circuits are resolvable into the same two antithetical phases, C—M, a sale, and M—C, a purchase. In each of these phases the same material elements—a commodity, and money, and the same economical dramatis personæ, a buyer and a seller—confront one another. Each circuit is the unity of the same two antithetical phases, and in each case this unity is brought about by the intervention of three contracting parties, of whom one only sells, another only buys, while the third both buys and sells.

What, however, first and foremost distinguishes the circuit C—M—C from the circuit M—C—M, is the inverted order of succession of the two phases. The simple circulation of commodities begins with a sale and ends with a purchase, while the circulation of money as capital begins with a purchase and ends with a sale. In the one case both the starting-point and the goal are commodities, in the other they are money. In the first form the movement is brought about by the intervention of money, in the second by that of a commodity.

In the circulation C—M—C, the money is in the end converted into a commodity, that serves as a use-value; it is spent once for all. In the inverted form, M—C—M, on the contrary, the buyer lays out money in order that, as a seller, he may recover money. By the purchase of his commodity he throws money into circulation, in order to withdraw it again by the sale of the same commodity. He lets the money go, but only with the sly intention of getting it back again. The money, therefore, is not spent, it is merely advanced.[1]

[1] "When a thing is bought in order to be sold again, the sum employed is called money advanced, when it is bought not to be sold, it may be said to be expended."—(James Steuart: "Works," &c. Edited by Gen. Sir James Steuart, his son. Lond., 1805. V. I., p. 274.)

In the circuit C—M—C, the same piece of money changes its place twice. The seller gets it from the buyer and pays it away to another seller. The complete circulation, which begins with the receipt, concludes with the payment, of money for commodities. It is the very contrary in the circuit M—C—M. Here it is not the piece of money that changes its place twice, but the commodity. The buyer takes it from the hands of the seller and passes it into the hands of another buyer. Just as in the simple circulation of commodities the double change of place of the same piece of money effects its passage from one hand into another, so here the double change of place of the same commodity brings about the reflux of the money to its point of departure.

Such reflux is not dependent on the commodity being sold for more than was paid for it. This circumstance influences only the amount of the money that comes back. The reflux itself takes place, so soon as the purchased commodity is resold, in other words, so soon as the circuit M—C—M is completed. We have here, therefore, a palpable difference between the circulation of money as capital, and its circulation as mere money.

The circuit C—M—C comes completely to an end, so soon as the money brought in by the sale of one commodity is abstracted again by the purchase of another.

If, nevertheless, there follows a reflux of money to its starting point, this can only happen through a renewal or repetition of the operation. If I sell a quarter of corn for £3, and with this £3 buy clothes, the money, so far as I am concerned, is spent and done with. It belongs to the clothes merchant. If I now sell a second quarter of corn, money indeed flows back to me, not however as a sequel to the first transaction, but in consequence of its repetition. The money again leaves me, so soon as I complete this second transaction by a fresh purchase. Therefore, in the circuit C—M—C, the expenditure of money has nothing to do with its reflux. On the other hand, in M—C—M, the reflux of the money is conditioned by the very mode of its expenditure. Without this reflux, the operation fails, or the process is interrupted and incomplete, owing to the absence of its complementary and final phase, the sale.

The circuit C—M—C starts with one commodity, and finishes with another, which falls out of circulation and into consumption. Consumption, the satisfaction of wants, in one word, use-value, is its end and aim. The circuit M—C—M,

on the contrary, commences with money and ends with money. Its leading motive, and the goal that attracts it, is therefore mere exchange value.

In the simple circulation of commodities, the two extremes of the circuit have the same economic form. They are both commodities, and commodities of equal value. But they are also use-values differing in their qualities, as, for example, corn and clothes. The exchange of products, of the different materials in which the labour of society is embodied, forms here the basis of the movement. It is otherwise in the circulation M – C—M, which at first sight appears purposeless, because tautological. Both extremes have the same economic form. They are both money, and therefore are not qualitatively different use-values; for money is but the converted form of commodities, in which their particular use-values vanish. To exchange £100 for cotton, and then this same cotton again for £100, is merely a roundabout way of exchanging money for money, the same for the same, and appears to be an operation just as purposeless as it is absurd.[1] One sum of money is distinguishable from another only by its amount. The character and tendency of the process M—C—M, is therefore not due to any qualitative difference between its extremes, both being money, but solely to their quantitative difference. More money is withdrawn from circulation at the finish than was thrown into it at the start. The cotton that was bought for £100 is perhaps resold for £100 plus £10 or £110. The exact form of this process is therefore M– C – M′, where M′= M + Δ M =the original sum advanced, plus an increment. This increment or excess over the

[1] "On n'échange pas de l'argent contre de l'argent," says Mercier de la Rivière to the Mercantilists (l. c., p. 486.) In a work, which, ex professo, treats of "trade" and "speculation," occurs the following: "All trade consists in the exchange of things of different kinds, and the advantage" (to the merchant?) "arises out of this difference. To exchange a pound of bread against a pound of bread . . . . . would be attended with no advantage; . . . . Hence trade is advantageously contrasted with gambling, which consists in a mere exchange of money for money." (Th. Corbet, "An Enquiry into the Causes and Modes of the Wealth of Individuals: or the principles of Trade and Speculation explained." London, 1841, p. 5.) Although Corbet does not see that M—M, the exchange of money for money, is the characteristic form of circulation, not only of merchants' capital but of all capital, yet at least he acknowledges that this form is common to gambling and to one species of trade, viz., speculation: but then comes MacCulloch and makes out, that to buy in order to sell, is to speculate, and thus the difference between Speculation and Trade vanishes. "Every transaction in which an individual buys produce in order to sell it again, is, in fact, a speculation." (MacCulloch: "A Dictionary Practical, &c., of Commerce." Lond., 1847, p. 1058.) With much more naiveté, Pinto, the Pindar of the Amsterdam Stock Exchange, remarks, "Le commerce est un jeu: (taken from Locke) et ce n'est pas avec des gueux qu'on peut gagner. Si l'on gagnait long-temps en tout avec tous, il faudrait rendre de bon accord les plus grandes parties du profit pour recommencer le jeu." (Pinto: "Traité de la Circulation et du Crédit." Amsterdam, 1771, p. 231.)

original value I call "surplus value." The value originally advanced, therefore, not only remains intact while in circulation, but adds to itself a surplus-value or expands itself. It is this movement that converts it into capital.

Of course it is also possible, that in C—M—C, the two extremes C—C, say corn and clothes, may represent different quantities of value. The farmer may sell his corn above its value, or may buy the clothes at less than their value. He may, on the other hand, "be done" by the clothes merchant. Yet, in the form of circulation now under consideration, such differences in value are purely accidental. The fact that the corn and the clothes are equivalents, does not deprive the process of all meaning, as it does in M—C—M. The equivalence of their values is rather a necessary condition to its normal course.

The repetition or renewal of the act of selling in order to buy, is kept within bounds by the very object it aims at, namely, consumption or the satisfaction of definite wants, an aim that lies altogether outside the sphere of circulation. But when we buy in order to sell, we, on the contrary, begin and end with the same thing, money, exchange-value; and thereby the movement becomes interminable. No doubt, M becomes $M + \Delta M$, £100 becomes £110. But when viewed in their qualitative aspect alone, £110 are the same as £100, namely money; and considered quantitatively, £110 is, like £100, a sum of definite and limited value. If now, the £110 be spent as money, they cease to play their part. They are no longer capital. Withdrawn from circulation, they become petrified into a hoard, and though they remained in that state till doomsday, not a single farthing would accrue to them. If, then, the expansion of value is once aimed at, there is just the same inducement to augment the value of the £110 as that of the £100; for both are but limited expressions for exchange-value, and therefore both have the same vocation to approach, by quantitative increase as near as possible to absolute wealth. Momentarily, indeed, the value originally advanced, the £100 is distinguishable from the surplus value of £10 that is annexed to it during circulation; but the distinction vanishes immediately. At the end of the process we do not receive with one hand the original £100, and with the other, the surplus-value of £10. We simply get a value of £110, which is in exactly the same condition and fitness for commencing the expanding process, as the original £100 was. Money ends

the movement only to begin it again.[1] Therefore, the final result of every separate circuit, in which a purchase and consequent sale are completed, forms of itself the starting point of a new circuit. The simple circulation of commodities—selling in order to buy—is a means of carrying out a purpose unconnected with circulation, namely, the appropriation of use-values, the satisfaction of wants. The circulation of money as capital is, on the contrary, an end in itself, for the expansion of value takes place only within this constantly renewed movement. The circulation of capital has therefore no limits.[2] Thus the conscious representative of this movement, the possessor of money becomes a capitalist. His person, or rather his pocket, is the point from which the money starts and to which it returns. The expansion of value, which is the objective basis or main-spring of the circulation M—C—M, becomes his subjective aim, and it is only in so far as the appropriation of ever more and more wealth is the abstract becomes the sole motive of his operations, that he functions as a capitalist, that is, as capital personified and endowed with consciousness and a will. Use-values must there-

[1] "Capital is divisible . . . . . into the original capital and the profit, the increment to the capital . . . . although in practice this profit is immediately turned into capital, and set in motion with the original." (F. Engels, "Umrisse zu einer Kritik der Nationalokonomie in: Deutsch-Franzossische *Jahrbucher*, herausgegeben von Arnold Ruge und Karl Marx." Paris, 1844, p. 99.)

[2] Aristotle opposes Œconomic to Chrematistic. He starts from the former. So far as it is the art of gaining a livelihood, it is limited to procuring those articles that are necessary to existence, and useful either to a household or the state "True wealth (ὁ ἀληθινὸς πλοῦτος) consists of such values in use, for the quantity of possessions of this kind, capable of making life pleasant, is not unlimited. There is, however, a second mode of acquiring things, to which we may by preference and with correctness give the name of Chrematistic, and in this case, there appear to be no limits to riches and possessions. Trade (ἡ καπηλικὴ is literally retail trade, and Aristotle takes this kind because it, if values in use predominate) does not in its nature belong to Chrematistic, for here the exchange has reference only to what is necessary to themselves (the buyer or seller). Therefore, as he goes on to show, the original form of trade was barter, but with the extension of the latter, there arose the necessity for money. On the discovery of money, barter of necessity developed into (καπηλικὴ) into trading in commodities, and this again, in opposition to its original tendency, grew into Chrematistic, into the art of making money. Now Chrematistic is distinguishable from Œconomic in this way, that "in the case of Chrematistic, circulation is the source of riches (ποιητικὴ χρημάτων . . . διὰ χρημάτου ἀναβολῆς). And it appears to revolve about money, for money is the beginning and end of this kind of exchange (τὸ γὰρ νόμισμα στοιχεῖον καὶ πέρας τῆς ἀλλαγῆς ἐστίν). Therefore also riches, such as Chrematistic strives for, are unlimited. Just as every art that is not a means to an end, but an end in itself, has no limit to its aims, because it seeks constantly to approach nearer and nearer to that end, while those arts that pursue means to an end, are not boundless, since the goal itself imposes a limit upon them, so with Chrematistic, there are no bounds to its aims, those aims being absolute wealth. Œconomic not Chrematistic has a limit . . . . . the object of the former is *something different* from *money*, of the latter the *augmentation of money* . . . . By confounding these two forms, which overlap each other, some people have been led to look upon the preservation and increase of money ad infinitum as the end and aim of Œconomic." (Aristotles De Rep. edit. Bekker. lib. I. c. 8, 9. passim.)

fore never be looked upon as the rea laim of the capitalist;[1] neither must the profit on any single transaction. The restless never-ending process of profit-making alone is what he aims at.[2] This boundless greed after riches, this passionate chase after exchange-value,[3] is common to the capitalist and the miser; but while the miser is merely a capitalist gone mad, the capitalist is a rational miser. The never-ending augmentation of exchange-value, which the miser strives after, by seeking to save[3] his money from circulation, is attained by the more acute capitalist, by constantly throwing it afresh into circulation.[4]

The independent form, *i.e.*, the money-form, which the value of commodities assumes in the case of simple circulation, serves only one purpose, namely, their exchange, and vanishes in the final result of the movement. On the other hand, in the circulation M—C—M, both the money and the commodity represent only different modes of existence of value itself, the money its general mode, and the commodity its particular, or, so to say, disguised mode.[5] It is constantly changing from one form to the other without thereby becoming lost, and thus assumes an automatically active character. If now we take in turn each of the two different forms which self-expanding value successively assumes in the course of its life, we then arrive at these two propositions: Capital is money; Capital is commodities.[6] In truth, however, value is here the active factor in a process, in which, while constantly assuming the form in turn of money and commodities, it at the same time changes in magnitude, differentiates itself by throwing off surplus-value from itself; the original value, in other words,

[1] "Commodities (here used in the sense of use-values) are not the terminating object of the trading capitalist, money is his terminating object." (Th. Chalmers, On Pol. Econ., &c., 2nd Ed. Glasgow, 1832, p. 165, 166.)

[2] "Il mercante non conta quasi per nienti il lucro fatto, ma mira sempre al futuro." (A. Genovesi, Lezioni di Economia Civile 1765), Custodi's edit. of Italian Economists. Parte Moderna t. xiii. p. 139.)

[3] "The inextinguishable passion for gain, the auri sacra fames, will always lead capitalists." (MacCulloch "The principles of Polit. Econ." London 18[illegible] p. 179.) This view, of course, does not prevent the same MacCulloch and others of his kidney, when in theoretical difficulties, such, for example, as the question of over-production, from transforming the same capitalist into a moral citizen, whose sole concern is for use-values, and who ever develops an insatiable hunger for boots, hats, eggs, calico, and other extremely familiar sorts of use-values.

[4] Σώζειν is a characteristic Greek expression for hoarding. So in English to save has the same two meanings: sauver and épargner.

[5] "Questo infinito che le cose non hanno in progresso, hanno in giro." (Galiani.)

[6] "Ce n'est pas la matière qui fait le capital, mais la valeur de ces matières." (J. B. Say: "Traité de l'Econ. Polit. 3ème. éd. Paris, 1817, t. i., p. 428.)

"Currency (!) employed in producing articles . . is capital. (MacLeod "The Theory and Practice of Banking." London, 1855, v. 1., ch. i., p. 55.) "Capital is commodities." (James Mill "Elements of Pol. Econ." Lond., 1821, p. 74.)

expands spontaneously. For the movement, in the course of which it adds surplus value, is its own movement, its expansion, therefore, is automatic expansion. Because it is value, it has acquired the occult quality of being able to add value to itself. It brings forth living offspring, or, at the least, lays golden eggs.

Value, therefore, being the active factor in such a process, and assuming at one time the form of money, at another that of commodities, but through all these changes preserving itself and expanding, it requires some independent form, by means of which its identity may at any time be established. And this form it possesses only in the shape of money. It is under the form of money that value begins and ends, and begins again, every act of its own spontaneous generation. It began by being £100, it is now £110, and so on. But the money itself is only one of the two forms of value. Unless it takes the form of some commodity, it does not become capital. There is here no antagonism, as in the case of hoarding, between the money and commodities. The capitalist knows that all commodities, however scurvy they may look, or however badly they may smell, are in faith and in truth money, inwardly circumcised Jews, and what is more, a wonderful means whereby out of money to make more money.

In simple circulation, C — M — C, the value of commodities attained at the most a form independent of their use-values, *i.e.*, the form of money, but that same value now in the circulation M — C — M, or the circulation of capital, suddenly presents itself as an independent substance, endowed with a motion of its own, passing through a life-process of its own, in which money and commodities are mere forms which it assumes and casts off in turn. Nay, more; instead of simply representing the relations of commodities, it enters now, so to say, into private relations with itself. It differentiates itself as original value from itself as surplus-value; as the father differentiates himself from himself qua the son, yet both are one and of one age: for only by the surplus value of £10 does the £100 originally advanced become capital, and so soon as this takes place, so soon as the son, and by the son, the father, is begotten, so soon does their difference vanish, and they again become one, £110.

Value therefore now becomes value in process, money in process, and, as such, capital. It comes out of circulation, enters into it again, preserves and multiplies itself within its circuit, comes back out of it with expanded bulk, and begins

the same round ever afresh.' M—M′, money which begets money, such is the description of Capital from the mouths of its first interpreters, the Mercantilists.

Buying in order to sell, or, more accurately, buying in order to sell dearer, M—C—M′, appears certainly to be a form peculiar to one kind of capital alone, namely, merchants' capital. But industrial capital too is money, that is changed into commodities, and by the sale of these commodities, is reconverted into more money. The events that take place outside the sphere of circulation, in the interval between the buying and selling, do not affect the form of this movement. Lastly, in the case of interest-bearing capital, the circulation M—C—M′ appears abridged. We have its result without the intermediate stage, in the form M—M′, "en style lapidaire" so to say, money that is worth more money, value that is greater than itself.

M—C—M′ is therefore in reality the general formula of capital as it appears prima facie within the sphere of circulation.

CHAPTER V.

CONTRADICTIONS IN THE GENERAL FORMULA OF CAPITAL

The form which circulation takes when money becomes capital, is opposed to all the laws we have hitherto investigated bearing on the nature of commodities, value and money, and even of circulation itself. What distinguishes this form from that of the simple circulation of commodities, is the inverted order of succession of the two antithetical processes, sale and purchase. How can this purely formal distinction between these processes change their character as it were by magic?

But that is not all. This inversion has no existence for two out of the three persons who transact business together. As capitalist, I buy commodities from A and sell them again to B, but as a simple owner of commodities, I sell them to B and then purchase fresh ones from A. A and B see no difference between the two sets of transactions. They are merely buyers or sellers. And I on each occasion meet them as a mere owner of either money or commodities, as a buyer or a seller, and, what is more, in both sets of transactions, I am opposed to A only as a buyer and to B only as a seller, to the one only as

[3]Capital: "portion fructifiante de la richesse accumulée . . . valeur permanente multipliante." (Sismondi: "Nouveaux principes de l'économie politique," t. i., p. 88, 89.)

money, to the other only as commodities, and to either of them as capital or a capitalist, or as representative of anything that is more than money or commodities, or that can produce any effect beyond what money and commodities can. For me the purchase from A and the sale to B are part of a series. But the connexion between the two acts exists for me alone. A does not trouble himself about my transaction with B, nor does B about my business with A. And if I offered to explain to them the meritorious nature of my action in inverting the order of succession, they would probably point out to me that I was mistaken as to that order of succession, and that the whole transaction, instead of beginning with a purchase and ending with a sale, began, on the contrary, with a sale and was concluded with a purchase. In truth, my first act, the purchase, was from the standpoint of A, a sale, and my second act, the sale, was from the standpoint of B, a purchase. Not content with that, A and B would declare that the whole series was superfluous and nothing but Hokus Pokus; that for the future A would buy direct from B, and B sell direct to A. Thus the whole transaction would be reduced to a single act forming an isolated, non-complemented phase in the ordinary circulation of commodities, a mere sale from A's point of view, and from B's, a mere purchase. The inversion, therefore, of the order of succession, does not take us outside the sphere of the simple circulation of commodities, and we must rather look, whether there is in this simple circulation anything permitting an expansion of the value that enters into circulation, and, consequently, a creation of surplus-value.

Let us take the process of circulation in a form under which it presents itself as a simple and direct exchange of commodities. This is always the case when two owners of commodities buy from each other, and on the settling day the amounts mutually owing are equal and cancel each other. The money in this case is money of account and serves to express the value of the commodities by their prices, but is not, itself, in the shape of hard cash, confronted with them. So far as regards use-values, it is clear that both parties may gain some advantage. Both part with goods that, as use-values, are of no service to them, and receive others that they can make use of. And there may also be a further gain. A, who sells wine and buys corn, possibly produces more wine, with given labour time, than farmer B could, and B, on the other hand, more corn than wine-grower A could. A, therefore, may get, for the same exchange value, more corn, and B more wine,

than each would respectively get without any exchange by producing his own corn and wine. With reference, therefore, to use-value, there is good ground for saying that "exchange is a transaction by which both sides gain."[1] It is otherwise with exchange value. "A man who has plenty of wine and no corn treats with a man who has plenty of corn and no wine; an exchange takes place between them of corn to the value of 50, for wine of the same value. This act produces no increase of exchange value either for the one or the other; for each of them already possessed, before the exchange, a value equal to that which he acquired by means of that operation."[2] The result is not altered by introducing money, as a medium of circulation, between the commodities, and making the sale and the purchase two distinct acts.[3] The value of a commodity is expressed in its price before it goes into circulation, and is therefore a precedent condition of circulation, not its result.[4]

Abstractedly considered, that is, apart from circumstances not immediately flowing from the laws of the simple circulation of commodities, there is in an exchange nothing (if we except the replacing of one use-value by another) but a metamorphosis, a mere change in the form of the commodity. The same exchange value, *i.e.*, the same quantity of incorporated social labour, remains throughout in the hands of the owner of the commodity first in the shape of his own commodity, then in the form of the money for which he exchanged it, and lastly, in the shape of the commodity he buys with that money. This change of form does not imply a change in the magnitude of the value. But the change, which the value of the commodity undergoes in this process, is limited to a change in its money form. This form exists first as the price of the commodity offered for sale, then as an actual sum of money, which, however, was already expressed in the price, and lastly, as the price of an equivalent commodity. This change of form no more implies, taken alone, a change in the quantity of value, than does the change of a £5 note into sovereigns, half sovereigns and shillings. So far therefore as the circulation of commodities effects a change in the form alone of their

[1] "L'échange est une transaction admirable dans laquelle les deux contractants gagnent—toujours (!)" (Destutt de Tracy: "Traité de la Volonté et de ses effets." Paris, 1826, p. 68.) This work appeared afterwards as "Traité de l'Econ. Polit

[2] "Mercière de la Rivière," l. c. p. 544.

[3] "Que l'une de ces deux valeurs soit argent, ou qu'elles soient toutes deux marchandises usuelles, rien de plus indifférent en soi." (Mercier de la Rivière," l. c. p. 543.)

[4] "Ce ne sont pas les contractants qui prononcent sur valeur; elle est déridée avant la convention." ("Le Trosne," p. 906.)

values, and is free from disturbing influences, it must be the exchange of equivalents. Little as Vulgar-Economy knows about the nature of value, yet whenever it wishes to consider the phenomena of circulation in their purity, it assumes that supply and demand are equal, which amounts to this, that their effect is nil. If therefore, as regards the use-values exchanged, both buyer and seller may possibly gain something, this is not the case as regards the exchange values. Here we must rather say, "Where equality exists there can be no gain."[1] It is true, commodities may be sold at prices deviating from their values, but these deviations are to be considered as infractions of the laws of the exchange of commodities,[2] which in its normal state is an exchange of equivalents, consequently, no method for increasing value.[3]

Hence, we see that behind all attempts to represent the circulation of commodities as a source of surplus-value, there lurks a *quid pro quo*, a mixing up of use-value and exchange value. For instance, Condillac says: "It is not true that on an exchange of commodities we give value for value. On the contrary, each of the two contracting parties in every case, gives a less for a greater value. . . . If we really exchanged equal values, neither party could make a profit. And yet, they both gain, or ought to gain. Why? The value of a thing consists solely in its relation to our wants. What is more to the one is less to the other, and *vice versa*. . . . It is not to be assumed that we offer for sale articles required for our own consumption. . . . We wish to part with a useless thing, in order to get one that we need; we want to give less for more. . . . It was natural to think that, in an exchange, value was given for value, whenever each of the articles exchanged was of equal value with the same quantity of gold. . . . But there is another point to be considered in our calculation. The question is, whether we both exchange something superfluous for something necessary."[4] We see in this passage, how Condillac not only confuses use-value with exchange value, but in a really childish manner assumes, that in a society, in which the production of commodities is well

[1] "Dove è egualità non é lucro." (Galiani, "Della Moneta in Custodi, Parte Moderna," t. iv, p. 244.)

[2] "L'échange devient désavantageux pour l'une des parties, lorsque quelque chose étrangère vient diminuer ou exagérer le prix, alors l'égalité est blessée, mais la lésion procéde de cette cause et non de l'échange." ("Le Trosne," l. c. p. 904.)

L'échange est de sa nature un contrat d'égalité qui se fait de valeur pour valeur égale. Il n'est donc pas un moyen de s'enrichir, puisque l'on donne autant que l'on reçoit." ("Le Trosne," l. c. p. 903.)

[3] Condillac: "Le Commerce et le Gouvernement" (1776). Edit. Daire et Molinari in the "Mélanges d'Econ. Polit." Paris, 1847, p. 267, etc.

developed, each producer produces his own means of subsistence, and throws into circulation only the excess over his own requirements.[1] Still, Condillac's argument is frequently used by modern economists, more especially when the point is to show, that the exchange of commodities in its developed form, commerce, is productive of surplus-value. For instance, "Commerce . . . . adds value to products, for the same products in the hands of consumers, are worth more than in the hands of producers, and it may strictly be considered an act of production."[2] But commodities are not paid for twice over, once on account of their use-value, and again on account of their value. And though the use-value of a commodity is more serviceable to the buyer than to the seller, its money form is more serviceable to the seller. Would he otherwise sell it? We might therefore just as well say that the buyer performs "strictly an act of production," by converting stockings, for example, into money.

If commodities, or commodities and money, of equal exchange-value, and consequently equivalents, are exchanged, it is plain that no one abstracts more value from, than he throws into, circulation. There is no creation of surplus-value. And, in its normal form, the circulation of commodities demands the exchange of equivalents. But in actual practice, the process does not retain its normal form. Let us, therefore, assume an exchange of non-equivalents.

In any case the market for commodities is only frequented by owners of commodities, and the power which these persons exercise over each other, is no other than the power of their commodities. The material variety of these commodities is the material incentive to the act of exchange, and makes buyers and sellers mutually dependent, because none of them possesses the object of his own wants, and each holds in his hand the object of another's wants. Besides these material differences of their use-values, there is only one other difference between commodities, namely, that between their bodily form and the form into which they are converted by sale, the difference between commodities and money. And consequently the owners

[1] Le Trosne, therefore, answers his friend Condillac with justice as follows: "Dans une . . . société formée il n'y a pas de surabondant en aucun genre." At the same time, in a bantering way, he remarks: "If both the persons who exchange receive more to an equal amount, and part with less to an equal amount, they both get the same." It is because Condillac has not the remotest idea of the nature of exchange value that he has been chosen by Herr Professor Wilhelm Roscher as a proper person to answer for the soundness of his own childish notions. See Roscher's "Die Grundlagen der Nationalokonomie, Dritte, Auflage," 1858.

[2] S. P. Newman: "Elements of Polit. Econ." Andover and New York, 1835, p. 175.

of commodities are distinguishable only as sellers, those who own commodities, and buyers, those who own money.

Suppose then, that by some inexplicable privilege, the seller is enabled to sell his commodities above their value, what is worth 100 for 110, in which case the price is nominally raised 10%. The seller therefore pockets a surplus value of 10. But after he has sold he becomes a buyer. A third owner of commodities comes to him now as seller, who in this capacity also enjoys the privilege of selling his commodities 10% too dear. Our friend gained 10 as a seller only to lose it again as a buyer.[1] The nett result is, that all owners of commodities sell their goods to one another at 10% above their value, which comes precisely to the same as if they sold them at their true value. Such a general and nominal rise of prices has the same effect as if the values had been expressed in weight of silver instead of in weight of gold. The nominal prices of commodities would rise, but the real relation between their values would remain unchanged.

Let us make the opposite assumption, that the buyer has the privilege of purchasing commodities under their value. In this case it is no longer necessary to bear in mind that he in his turn will become a seller. He was so before he became buyer; he had already lost 10% in selling before he gained 10% as buyer.[2] Everything is just as it was.

The creation of surplus value, and therefore the conversion of money into capital, can consequently be explained neither on the assumption that commodities are sold above their value, nor that they are bought below their value.[3]

The problem is in no way simplified by introducing irrelevant matters after the manner of Col. Torrens: "Effectual demand consists in the power and inclination (!), on the part of consumers, to give for commodities, either by immediate or circuitous barter, some greater portion of . . . capital than their production costs."[4] In relation to circulation, producers and consumers meet only as buyers and sellers. To assert

[1] "By the augmentation of the nominal value of the produce . . . sellers not enriched . . . so far as what they gain as sellers, they precisely expend in the quality of buyers." ("The Essential principles of the Wealth of Nations," &c., London, 1797, p. 66.)

[2] "Si l'on est forcé de donner pour 18 livres une quantité de telle production qui en valait 24 lorsqu'on employera ce même argent à acheter, on aura également pour 18 l. ce que l'on payait 24." ("Le Trosne," l. c. p. 897.)

[3] "Chaque vendeur ne peut donc parvenir à renchérir habituellement ses marchandises, qu'en se soumettant aussi à payer habituellement plus cher les marchandises des autres vendeurs, et par la même raison, chaque consommateur ne peut payer habituellement moins cher ce qu'il achète, qu'en se soumettant aussi à une diminution semblable sur le prix des choses qui il vend." (Mercier de la Rivière," l. c. p. 555.)

[4] R. Torrens: "An Essay on Production of Wealth," London, 1821, p. 349.

that the surplus-value acquired by the producer has its origin in the fact that consumers pay for commodities more than their value, is only to say in other words: The owner of commodities possesses, as a seller, the privilege of selling too dear. The seller has himself produced the commodities or represents their producer, but the buyer has to no less extent produced the commodities represented by his money, or represents their producer. The distinction between them is, that one buys and the other sells. The fact that the owner of the commodities, under the designation of producer, sells them over their value, and under the designation of consumer, pays too much for them, does not carry us a single step further.[1]

To be consistent therefore, the upholders of the delusion that surplus-value has its origin in a nominal rise of prices or in the privilege which the seller has of selling too dear, must assume the existence of a class that only buys and does not sell, *i.e.*, only consumes and does not produce. The existence of such a class is inexplicable from the standpoint we have so far reached, viz., that of simple circulation. But let us anticipate. The money with which such a class is constantly making purchases, must constantly flow into their pockets, without any exchange, gratis, by might or right, from the pockets of the commodity-owners themselves. To sell commodities above their value to such a class, is only to crib back again a part of the money previously given to it.[2] The towns of Asia Minor thus paid a yearly money tribute to ancient Rome. With this money Rome purchased from them commodities, and purchased them too dear. The provincials cheated the Romans, and thus got back from their conquerors, in the course of trade, a portion of the tribute. Yet, for all that, the conquered were the really cheated. Their goods were still paid for with their own money. That is not the way to get rich or to create surplus-value.

Let us therefore keep within the bounds of exchange where sellers are also buyers, and buyers, sellers. Our difficulty may perhaps have arisen from treating the actors as personifications instead of as individuals.

A may be clever enough to get the advantage of B or C

[1] "The idea of profits being paid by the consumers is, assuredly, very absurd. Who are the consumers?" (G. Ramsay: "An Essay on the Distribution of Wealth." Edinburgh, 1836, p. 183.)

[2] "When a man is in want of a demand, does Mr. Malthus recommend him to pay some other person to take off his goods?" is a question put by an angry disciple of Ricardo to Malthus, who, like his disciple, Parson Chalmers, economically glorifies this class of simple buyers or consumers. (See "An Inquiry into those principles respecting the Nature of Demand and the necessity of Consumption, lately advocated by Mr. Malthus," &c. Lond., 1821, p. 55.)

without their being able to retaliate. A sells wine worth £40 to B, and obtains from him in exchange corn to the value of £50. A has converted his £40 into £50, has made more money out of less, and has converted his commodities into capital. Let us examine this a little more closely. Before the exchange we had £40 worth of wine in the hands of A, and £50 worth of corn in those of B, a total of £90. After the exchange we have still the same total value of £90. The value in circulation has not increased by one iota, it is only distributed differently between A and B. What is a loss of value to B is surplus-value to A; what is "minus" to one is "plus" to the other. The same change would have taken place, if A, without the formality of an exchange, had directly stolen the £10 from B. The sum of the values in circulation can clearly not be augmented by any change in their distribution, any more than the quantity of the precious metals in a country by a Jew selling a Queen Ann's farthing for a guinea. The capitalist class, as a whole, in any country, cannot over-reach themselves.[1]

Turn and twist then as we may, the fact remains unaltered. If equivalents are exchanged, no surplus-value results, and if non-equivalents are exchanged, still no surplus-value.[2] Circulation, or the exchange of commodities, begets no value.[3]

The reason is now therefore plain why, in analysing the standard form of capital, the form under which it determines the economical organisation of modern society, we entirely left out of consideration its most popular, and, so to say, antediluvian forms, merchants' capital and money lenders' capital.

The circuit M—C - M′, buying in order to sell dearer, is seen most clearly in genuine merchants' capital. But the movement takes place entirely within the sphere of circulation. Since, however, it is impossible, by circulation alone, to ac-

[1] Destutt de Tracy, although, or perhaps because, he was a member of the Institute, held the opposite view. He says, industrial capitalists make profits because "they all sell for more than it has cost to produce. And to whom do they sell? In the first instance to one another." (l. c., p. 239.)

[2] "L'échange qui se fait de deux valeurs égales n'augmente ni ne diminue la masse des valeurs subsistantes dans la société. L'échange de deux valeurs inégales . . . ne change rien non plus à la somme des valeurs sociales, bien qu'il ajoute à la fortune de l'un ce qu'il ôte de la fortune de l'autre." J. B. Say, l. c. t. I., pp. 334, 345.) Say, not in the least troubled as to the consequences of this statement, borrows it, almost word for word, from the Physiocrat. The following example will shew how Monsieur Say turned to account the writings of the Physiocrats in his day quite forgotten, for the purpose of expanding the "value" of his own. His most celebrated saying, "On n'achète des produits qu'avec des produits" (l. c., t. II., p. 438) runs as follows in the original physiocratic work: "Les productions ne se paient qu'avec des productions." "Le Trosne," l. c., p. 899.)

[3] "Exchange confers no value at all upon products." (F. Wayland: "The Elements of Political Economy." Boston, 1853, p. 168.)

count for the conversion of money into capital, for the formation of surplus-value, it would appear, that merchants' capital is an impossibility, so long as equivalents are exchanged;[1] that, therefore, it can only have its origin in the twofold advantage gained, over both the selling and the buying producers, by the merchant who parasitically shoves himself in between them. It is in this sense that Franklin says, "war is robbery, commerce is generally cheating."[2] If the transformation of merchants' money into capital is to be explained otherwise than by the producers being simply cheated, a long series of intermediate steps would be necessary, which, at present, when the simple circulation of commodities forms our only assumption, are entirely wanting

What we have said with reference to merchants' capital, applies still more to money-lenders' capital. In merchants' capital, the two extremes, the money that is thrown upon the market, and the augmented money that is withdrawn from the market, are at least connected by a purchase and a sale, in other words by the movement of the circulation. In money-lenders' capital the form M—C—M′ is reduced to the two extremes without a mean, M—M′, money exchanged for more money, a form that is incompatible with the nature of money, and therefore remains inexplicable from the standpoint of the circulation of commodities. Hence Aristotle: "since chrematistic is a double science, one part belonging to commerce, the other to economic, the latter being necessary and praiseworthy, the former based on circulation and with justice disapproved (for it is not based on Nature, but on mutual cheating), therefore the usurer is most rightly hated, because money itself is the source of his gain, and is not used for the purposes for which it was invented. For it originated for the exchange of commodities, but interest makes out of money, more money. Hence its name (τόκος interest and offspring). For the begotten are like those who beget them. But interest is money of money, so that of all modes of making a living, this is the most contrary to nature."[3]

In the course of our investigation, we shall find that both merchants' capital and interest bearing capital are derivative forms, and at the same time it will become clear, why these

[1]Under the rule of invariable equivalents commerce would be impossible (G. Opdyke: "A Treatise on Polit. Economy." New York. 1851, p. 66-69.) "The difference between real value and exchange value is based upon this fact namely, that the value of a thing is different from the so-called equivalent given for it in trade, i.e., that this equivalent is no equivalent." (F. Engels, l. c. p. 96.)

[2]Benjamin Franklin: Works, Vol. II. edit. Sparks in "Positions to be examined concerning National Wealth," p. 376.

[3]Aristotle, l. c. c. 10.

two forms appear in the course of history before the modern standard form of capital.

We have shown that surplus-value cannot be created by circulation, and, therefore, that in its formation, something must take place in the background, which is not apparent in the circulation itself.[1] But can surplus-value possibly originate anywhere else than in circulation, which is the sum total of all the mutual relations of commodity-owners, as far as they are determined by their commodities? Apart from circulation, the commodity-owner is in relation only with his own commodity. So far as regards value, that relation is limited to this, that the commodity contains a quantity of his labour, that quantity being measured by a definite social standard. This quantity is expressed by the value of the commodity, and since the value is reckoned in money of account, this quantity is also expressed by the price, which we will suppose to be £10. But his labour is not represented both by the value of the commodity, and by a surplus over that value, not by a price of 10 that is also a price of 11, not by a value that is greater than itself. The commodity owner can, by his labour, create value, but not self-expanding value. He can increase the value of his commodity, by adding fresh labour, and therefore more value to the value in hand, by making, for instance, leather into boots. The same material has now more value, because it contains a greater quantity of labour. The boots have therefore more value than the leather, but the value of the leather remains what it was; it has not expanded itself, has not during the making of the boots, annexed surplus value. It is therefore impossible that outside the sphere of circulation, a producer of commodities can, without coming into contact with other commodity owners, expand value, and consequently convert money or commodities into capital.

It is therefore impossible for capital to be produced by circulation, and it is equally impossible for it to originate apart from circulation. It must have its origin both in circulation and yet not in circulation.

We have, therefore, got a double result.

The conversion of money into capital has to be explained on the basis of the laws that regulate the exchange of commodities, in such a way that the starting point is the exchange of

[1] "*Profit, in the usual condition of the market, is not made by exchanging. Had it not existed before, neither could it after that transaction.*" (Ramsay, l. c., p. 184.)

equivalents.[1] Our friend, Moneybags, who as yet is only an embryo capitalist, must buy his commodities at their value, must sell them at their value, and yet at the end of the process must withdraw more value from circulation than he threw into it at starting. His development into a full-grown capitalist must take place, both within the sphere of circulation and without it. These are the conditions of the problem. Hic Rhodus, hic salta!

CHAPTER VI.

THE BUYING AND SELLING OF LABOUR-POWER.

The change of value that occurs in the case of money intended to be converted into capital, cannot take place in the money itself, since in its function of means of purchase and of payment, it does no more than realise the price of the commodity it buys or pays for; and, as hard cash, it is value petrified, never varying.[2] Just as little can it originate in the second act of circulation, the re-sale of the commodity, which does no more than transform the article from its bodily form back again into its money-form. The change must, therefore, take place in the commodity bought by the first act, M—C, but not in its value, for equivalents are exchanged, and the commodity is paid for at its full value. We are, therefore, forced to the conclusion that the change originates in the use-value, as such, of the commodity, *i.e.*, in its consumption. In order to be able to extract value from the consumption of a commodity, our friend, Moneybags, must be so lucky as to find, within the sphere of circulation, in the market, a commodity, whose use-

[1] From the foregoing investigation, the reader will see that this statement only means that the formation of capital must be possible even though the price and value of a commodity be the same; for its formation cannot be attributed to any deviation of the one from the other. If prices actually differ from values, we must, first of all, reduce the former to the latter, in other words treat the difference as accidental in order that the phenomena may be observed in their purity, and our observations not interfered with by disturbing circumstances that have nothing to do with the process in question. We know, moreover, that this reduction is no mere scientific process. The continual oscillation in prices, their rising and falling, compensate each other, and reduce themselves to an average price, which is their hidden regulator. It forms the guiding star of the merchant or the manufacturer in every undertaking that requires time. He knows that when a long period of time is taken, commodities are sold neither over nor under, but at their average price. If therefore he thought about the matter at all, he would formulate the problem of the formation of capital as follows. How can we account for the origin of capital on the supposition that prices are regulated by the average price, *i.e.*, ultimately by the value of the commodities? I say "ultimately," because average prices do not directly coincide with the values of commodities, as Adam Smith, Ricardo, and other believe.

[2] "In the form of money, . . . capital is productive of no profit. (Ricardo: "Princ. of Pol. Econ." p. 267)

value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labour, and, consequently, a creation of value. The possessor of money does find on the market such a special commodity in capacity for labour or labour-power.

By labour-power or capacity for labour is to be understood the aggregate of these mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description.

But in order that our owner of money may be able to find labour power offered for sale as a commodity, various conditions must first be fulfilled. The exchange of commodities of itself implies no other relations of dependence than those which result from its own nature. On this assumption, labour-power can appear upon the market as a commodity only if, and so far as, its possessor, the individual whose labour-power it is, offers it for sale, or sells it, as a commodity. In order that he may be able to do this, he must have it at his disposal, must be the untrammelled owner of his capacity for labour, *i.e.*, of his person.[1] He and the owner of money meet in the market, and deal with each other as on the basis of equal rights, with this difference alone, that one is buyer, the other seller; both, therefore, equal in the eyes of the law. The continuance of this relation demands that the owner of the labour-power should sell it only for a definite period, for if he were to sell it rump and stump, once for all, he would be selling himself, converting himself from a free man into a slave, from an owner of a commodity into a commodity. He must constantly look upon his labour power as his own property, his own commodity, and this he can only do by placing it at the disposal of the buyer temporarily, for a definite period of time. By this means alone can he avoid renouncing his rights of ownership over it.[2]

[1] In encyclopaedias of classical antiquities we find such nonsense as this—that in the ancient world capital was fully developed, "except that the free labourer and a system of credit was wanting." Mommsen also, in his "History of Rome," commits, in this respect, one blunder after another.

[2] Hence legislation in various countries fixes a maximum for labour-contracts. Wherever free labour is the rule, the laws regulate the mode of terminating this contract. In some States, particularly in Mexico (before the American Civil War, also in the territorities taken from Mexico, and also as a matter of fact, in the Danubian provinces till the revolution affected by Kusa), slavery is hidden under the form of "peonage." By means of advances, repayable in labour, which are handed down from generation to generation, not only the individual labourer, but his family, become, "de facto," the property of other persons and their families. Juarez abolished "peonage." The so-called Emperor Maximilian re-established it by a decree, which, in the House of Representatives at Washington, was aptly denounced as a decree for the re-introduction of slavery into Mexico. "I may make over to another the use, for a limited time, of my particular bodily and mental aptitudes and capabilities; be-

The second essential condition to the owner of money finding labour-power in the market as a commodity is this -that the labourer instead of being in the position to sell commodities in which his labour is incorporated, must be obliged to offer for sale as a commodity that very labour-power, which exists only in his living self.

In order that a man may be able to sell commodities other than labour-power, he must of course have the means of production, as raw material, implements, etc. No boots can be made without leather. He requires also the means of subsistence. Nobody– not even "a musician of the future" can live upon future products, or upon use-values in an unfinished state; and ever since the first moment of his appearance on the world's stage, man always has been, and must still be a consumer, both before and while he is producing. In a society where all products assume the form of commodities, these commodities must be sold after they have been produced; it is only after their sale that they can serve in satisfying the requirements of their producer. The time necessary for their sale is superadded to that necessary for their production.

For the conversion of his money into capital, therefore, the owner of money must meet in the market with the free labourer, free in the double sense, that as a free man he can dispose of his labour-power as his own commodity, and that on the other hand he has no other commodity for sale, is short of everything necessary for the realisation of his labour-power.

The question why this free labourer confronts him in the market, has no interest for the owner of money, who regards the labour market as a branch of the general market for commodities. And for the present it interests us just as little. We cling to the fact theoretically, as he does practically. One thing, however, is clear—nature does not produce on the one side owners of money or commodities, and on the other men possessing nothing but their own labour-power. This relation has no natural basis, neither is its social basis one that is common to all historical periods. It is clearly the result of a past historical development, the product of many economical revolutions, of the extinction of a whole series of older forms of social production.

cause, in consequence of this restriction, they are impressed with a character of alienation with regard to me as a whole. But by the alienation of all my labour-time and the whole of my work, I should be converting the substance itself, in other words my general activity and reality, my person into the property of another." (Hegel, "Philosophie des Rechts." Berlin, 1840, p. 104 § 67.)

So, too, the economical categories, already discussed by us, bear the stamp of history. Definite historical conditions are necessary that a product may become a commodity. It must not be produced as the immediate means of subsistence of the producer himself. Had we gone, further, and inquired under what circumstances all, or even the majority of products take the form of commodities, we should have found that this can only happen with production of a very specific kind, capitalist production. Such an inquiry, however, would have been foreign to the analysis of commodities. Production and circulation of commodities can take place, although the great mass of the objects produced are intended for the immediate requirements of their producers, are not turned into commodities, and consequently social production is not yet by a long way dominated in its length and breadth by exchange-value, the appearance of products as commodities presupposed such a development of the social division of labour, that the separation of use-value from exchange-value, a separation which first begins with barter, must already have been completed. But such a degree of development is common to many forms of society, which in other respects present the most varying historical features. On the other hand, if we consider money its existence implies a definite stage in the exchange of commodities. The particular functions of money which it performs, either as the mere equivalent of commodities, or as means of circulation, or means of payment, as hoard or as universal money, point, according to the extent and relative preponderance of the one function or the other, to very different stages in the process of social production. Yet we know by experience that a circulation of commodities relatively primitive, suffices for the production of all these forms. Otherwise with capital. The historical conditions of its existence are by no means given with the mere circulation of money and commodities. It can spring into life, only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour-power. And this one historical condition comprises a world's history. Capital therefore, announces from its first appearance a new epoch in the process of social production.[1]

We must now examine more closely this peculiar commod-

[1] The capitalist epoch is therefore characterised by this, that labour-power takes in the eyes of the labourer himself the form of a commodity which is his property: his labour consequently becomes wage labour. On the other hand, it is only from this moment that the produce of labour universally becomes a commodity.

ity, labour-power. Like all others it has a value.[1] How is that value determined?

The value of labour-power is determined, as in the case of every other commodity, by the labour-time necessary for the production, and consequently also the reproduction, of this special article. So far as it has value, it represents no more than a definite quantity of the average labour of society incorporated in it. Labour-power exists only as a capacity, or power of the living individual. Its production consequently presupposes his existence. Given the individual, the production of labour-power consists in his reproduction of himself or his maintenance. For his maintenance he requires a given quantity of the means of subsistence. Therefore the labour-time requisite for the production of labour-power reduces itself to that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer. Labour-power, however, becomes a reality only by its exercise; it sets itself in action only by working. But thereby a definite quantity of human muscle, nerve, brain, &c., is wasted, and these require to be restored. This increased expenditure demands a larger income.[2] If the owner of labour-power works today, to-morrow he must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel, and housing, vary according to the climate and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed.[3] In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average

[1] "The value or worth of a man, is as of all other things, his price—that is to say, so much as would be given for the use of his power." (Th. Hobbes "Leviathan" in Works, Ed. Molesworth. Lond. 1839-44, v. iii., p. 76.)

[2] Hence the Roman Villicus, as overlooker of the agricultural slaves, received "more meagre fare than working slaves, because his work was lighter." (Th. Mommsen, Röm. Geschichte, 1856, p. 810.)

[3] Compare W. H. Thornton: "Overpopulation and its Remedy." Lond. 1846.

quantity of the means of subsistence necessary for the labourer is practically known.

The owner of labour-power is mortal. If then his appearance in the market is to be continuous, and the continuous conversion of money into capital assumes this, the seller of labour-power must perpetuate himself, "in the way that every living individual perpetuates himself, by procreation."[1] The labour-power withdrawn from the market by wear and tear and death, must be continually replaced by, at the very least, an equal amount of fresh labour-power. Hence the sum of the means of subsistence necessary for the production of labour-power must include the means necessary for the labourer's substitutes, *i.e.*, his children, in order that this race of peculiar commodity-owners may perpetuate its appearance in the market.[2]

In order to modify the human organism, so that it may acquire skill and handiness in a given branch of industry, and become labour-power of a special kind, a special education or training is requisite, and this, on its part, costs an equivalent in commodities of a greater or less amount. This amount varies according to the more or less complicated character of the labour-power. The expenses of this education (excessively small in the case of ordinary labour-power), enter *pro tanto* into the total value spent in its production.

The value of labour-power resolves itself into the value of a definite quantity of the means of subsistence. It therefore varies with the value of these means or with the quantity of labour requisite for their production.

Some of the means of subsistence, such as food and fuel, are consumed daily, and a fresh supply must be provided daily. Others such as clothes and furniture last for longer periods and require to be replaced only at longer intervals. One article must be bought or paid for daily, another weekly, another quarterly, and so on. But in whatever way the sum total of these outlays may be spread over the year, they must be covered by the average income, taking one day with another. If the total of the commodities required daily for the production of labour-power—A, and those required weekly =B, and those required quarterly =C, and so on, the daily

[1] Petty.

[2] "Its (labour's natural price. . . . consists in such a quantity of necessaries and comforts of life, as, from the nature of the climate, and the habits of the country, are necessary to support the labourer, and to enable him to rear such a family as may preserve, in the market, an undiminished supply of labour." (R. Torrens: "An Essay on the external Corn Trade." Lond., 1815, p. 62.) The word labour is here used incorrectly for labour power

average of these commodities $= \frac{865A + 52B + 40 + \&c}{365}$. Suppose that in this mass of commodities requisite for the average day there are embodied 6 hours of social labour, then there is incorporated daily in labour-power half a day's average social labour, in other words, half a day's labour in requisite for the daily production of labour-power. This quantity of labour forms the value of a day's labour-power or the value of the labour-power daily reproduced. If half a day's average social labour is incorporated in three shillings, then three shillings is the price corresponding to the value of a day's labour-power. If its owner therefore offers it for sale at three shillings a day, its selling price is equal to its value, and according to our supposition, our friend Moneybags, who is intent upon converting his three shillings into capital, pays this value.

The minimum limit of the value of labour-power is determined by the value of the commodities, without the daily supply of which the labourer cannot renew his vital energy, consequently by the value of those means of subsistence that are physically indispensable. If the price of labour-power fall to this minimum, it falls below its value, since under such circumstances it can be maintained and developed only in a crippled state. But the value of every commodity is determined by the labour time requisite to turn it out so as to be of normal quality.

It is a very cheap sort of sentimentality which declares this method of determining the value of labour-power, a method prescribed by the very nature of the case, to be a brutal method, and which wails with Rossi that, "To comprehend capacity for labour (puissance de travail) at the same time that we make abstraction from the means of subsistence of the labourers during the process of production, is to comprehend a phantom (être de raison). When we speak of labour, or capacity for labour, we speak at the same time of the labourer and his means of subsistence, of labourer and wages."[1] When we speak of capacity for labour, we do not speak of labour, any more than when we speak of capacity for digestion, we speak of digestion. The latter process requires something more than a good stomach. When we speak of capacity for labour we do not abstract from the necessary means of subsistence. On the contrary, their value is expressed in its value. If his capacity for labour remains unsold, the labourer derives no benefit from it, but rather he will feel it to be a cruel nature-imposed necessity that this capacity has cost for its production a de-

[1] Rossi. "Cours d'Econ. Polit.": Bruxelles, 1842, p. 370.

finite amount of the means of subsistence and that it will continue to do so for its reproduction. He will then agree with Sismondi: "that capacity for labour . . . is nothing unless it is sold.[1]

One consequence of this peculiar nature of labour-power as a commodity is, that its use-value does not, on the conclusion of this contract between the buyer and seller, immediately pass into the hands of the former. Its value, like that of every other commodity, is already fixed before it goes into circulation, since a definite quantity of social labour has been spent upon it; but its use-value consists in the subsequent exercise of its force. The alienation of labour-power and its actual appropriation by the buyer, its employment as a use-value, are separated by an interval of time. But in those cases in which the formal alienation by sale of the use-value of a commodity, is not simultaneous with its actual delivery to the buyer, the money of the latter usually functions as means of payment.[2] In every country in which the capitalist mode of production reigns, it is the custom not to pay for labour-power before it has been exercised for the period fixed by the contract, as for example, the end of each week. In all cases, therefore, the use-value of the labour-power is advanced to the capitalist: the labourer allows the buyer to consume it before he receives payment of the price; he everywhere gives credit to the capitalist. That this credit is no mere fiction, is shown not only by the occasional loss of wages on the bankruptcy of the capitalist,[3] but also by a series of more enduring consequences.[4] Never-

[1] Sismondi: "Nouv. Princ. etc., t. I. p. 112.

[2] "All labour is paid after it has ceased" ("An inquiry into those Principles respecting the nature of Demand," &c., p. 104.) "Le crédit commercial, a dû commencer au moment où l'ouvrier, premier artisan de la production, a pu, au moyen de ses économies, attendre le salaire de son travail jusqu, à la fin de la semaine, de la quinzaine ,du mois, du trimestre, &c. (Ch. Ganilh: "Des Systèmes de l'Econ. Polit." 2ème. edit. Paris, 1821, t. I. p. 150.)

"L'ouvrier prete son industrie," but adds Storch slyly, he "risks nothing" except "de perdre son salaire . . . L'ouvrier ne transmet rien de matériel" (Storch: "Cours d'Econ. Polit. Econ." Petersbourg, 1815, t. II., p. 37.)

[3] One example. In London there are two sorts of bakers, the "full priced," who sell bread at its full value, and the "undersellers," who sell it under its value. The latter class comprises more than three-fourths of the total number of bakers. (p. xxxii. in the Report of H. S. Tremenheere, commissioner to examine into "the grievances complained of by the journeymen bakers," &c., Lond. 1862.) The undersellers, almost without exception, sell bread adulterated with alum, soap, pearl ashes, chalk, Derbyshire stone-dust, and such like agreeable nourishing and wholesome ingredients. (See the above cited blue book, as also the report of "the committee of 1855 on the adulteration of bread," and Dr. Hassall's "Adulterations detected," 2d Ed. Lond. 1862.) Sir John Gordon stated before the committee of 1855, that "in consequence of these adulterations, the poor man who lives on two pounds of bread a day, does not now get one fourth part of nourishing matter, let alone the deleterious effects on his health." Tremenheere states (l. c. p. xlviii.), as the reason, why a very large part of the working class, although well aware of this adulteration, nevertheless accept the alum, stone-dust, &c., as part of their purchase: that it is for them "a matter of necessity to take from their baker or from the chandler's shop such bread as they choose to supply." As they are

theless, whether money serves as a means of purchase or as a means of payment, this makes no alteration in the nature of the exchange of commodities. The price of the labour power is fixed by the contract, although it is not realised till later, like the rent of a house. The labour-power is sold, although it is only paid for at a later period. It will, therefore, be useful, for a clear comprehension of the relation of the parties, to assume provisionally, that the possessor of labour-power, on the occasion of each sale, immediately receives the price stipulated to be paid for it.

We now know how the value paid by the purchaser to the possessor of this peculiar commodity, labour-power, is determined. The use-value which the former gets in exchange, manifests itself only in the actual usufruct, in the consumption of the labour-power. The money owner buys everything necessary for this purpose, such as raw material, in the market, and pays for it at its use value. The consumption of labour-power is at one and the same time the production of commodities and of surplus value. The consumption of labour-power is completed, as in the case of every other commodity, outside the limits of the market or of the sphere of circulation. Accompanied by Mr. Moneybags and by the possessor of labour-power, we therefore take leave for a time of this noisy sphere, where everything takes place on the surface and in view of all men, and follow them both into the hidden abode of production, on whose threshold there stares us in the face "No admittance except on business." Here we shall see, not only how capital produces, but how capital is produced. We shall at last force the secret of profit making.

This sphere that we are deserting, within whose boundaries the sale and purchase of labour-power goes, is in fact a very Eden of the innate rights of man. There alone rule Freedom,

not paid their wages before the end of the week, they in their turn are unable from the chandler's shop such bread as they choose to supply." As they are not paid their wages before the end of the week, they in their turn are enable "to pay for the bread consumed by their families, during the week, before the end of the week," and Tremenheere adds on the evidence of witnesses, "it is notorious that bread composed of those mixtures, is made expressly for sale in this manner." In many English and still more Scotch agricultural districts, wages are paid fortnightly and even monthly, with such long intervals between the payments, the agricultural labourer is obliged to buy on credit. . . . He must pay higher prices, and is in fact tied to the shop which gives him credit. Thus at Horningham in Wilts., for example, where the wages are monthly, the same flour that he could buy elsewhere at 1s. 10*d*. per stone ,costs him 2s. 4*d* per stone. ("Sixth Report" on "Public Health" by "The Medical Officer of the Privy Council, &c., 1864," p. 264.) "The block printers of Paisley and Kilmarnock enforced, by a strike, fortnightly, instead of monthly payment of wages." (Reports of the Inspectors of Factories for 31st Oct. 1863, p. 64.) As a further pretty result of the credit given by the workman to the capitalist we may refer to the method current in many English coal mines, where the labourer is not paid till the end of the month, and in the meantime, receives

Equaltiy, Property and Bentham. Freedom, because both buyer and seller of a commodity, say of labour-power, are constrained only by their own free will. They contract as free agents, and the agreement they come to, is but the form in which they give legal expression to their common will. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself. The only force that brings them together and puts them in relation with each other, is the selfishness, the gain and the private interests of each. Each looks to himself only, and no one troubles himself about the rest, and just because they do so, do they all, in accordance with the pre-established harmony of things, or under the auspices of an all-shrewd providence, work together to their mutual advantage, for the common weal and in the interest of all.

On leaving this sphere of simple circulation or of exchange of commodities, which furnihses the "Free-trader Vulgaris" with his views and ideas, and with the standard by which he judges a society based on capital and wages, we think we can perceive a change in the physiognomy of our dramatis personæ. He, who before was the money owner, now strides, in front as capitalist; the possessor of labour-power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but—a hiding.

sums on account from the capitalist often in goods for which the miner is obliged to pay more than the market price (Truck system). "It is a common practice with the coal masters to pay once a month, and advance cash to their workmen at the end of each intermediate week. The cash is given in the shop" (i.e., the Tommy shop which belongs to the master); "the men take it on one side and lay it out on the other. ("Children's Employment Commission, III. Report, London, 1864, p. 38, p. 192.)

PART III.

THE PRODUCTION OF ABSOLUTE SURPLUS-VALUE.

CHAPTER VII.

THE LABOUR PROCESS AND THE PROCESS OF PRODUCING SURPLUS-VALUE.

SECTION 1.—THE LABOUR-PROCESS OR THE PRODUCTION OF USE-VALUES.

The capitalist buys labour-power in order to use it; and labour-power in use is labour itself. The purchaser of labour-power consumes it by setting the seller of it to work. By working, the latter becomes actually, what before he only was potentially, labour-power in action, a labourer. In order that his labour may reappear in a commodity, he must, before all things, expend it on something useful, on something capable of satisfying a want of some sort. Hence, what the capitalist sets the labourer to produce, is a particular use value, a specified article. The fact that the production of use values, or goods, is carried on under the control of a capitalist and on his behalf, does not alter the general character of that production. We shall, therefore, in the first place, have to consider the labour-process independently of the particular form it assumes under given social conditions.

Labour is, in the first place, a process in which both man and Nature participate, and in which man of his own accord starts, regulates, and controls the material re-actions between himself and Nature. He opposes himself to Nature as one of her own forces, setting in motion arms and legs, head and hands, the natural forces of his body, in order to appropriate Nature's productions in a form adapted to his own wants. By thus acting on the external world and changing it, he at the same time changes his own nature. He develops his slumbering powers and compels them to act in obedience to his sway. We are not now dealing with those primitive instinctive forms

of labour that remind us of the mere animal. An immeasurable interval of time separates the state of things in which a man brings his labour-power to market for sale as a commodity, from that state in which human labour was still in its first instinctive stage. We presuppose labour in a form that stamps it as exclusively human. A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises his structure in imagination before he erects it in reality. At the end of every labour-process, we get a result that already existed in the imagination of the labourer at its commencement. He not only effects a change of form in the material on which he works, but he also realises a purpose of his own that gives the law to his modus operandi, and to which he must subordinate his will. And this subordination is no mere momentary act. Besides the exertion of the bodily organs, the process demands that, during the whole operation, the workman's will be steadily in consonance with his purpose. This means close attention. The less he is attracted by the nature of the work, and the mode in which it is carried on, and the less, therefore, he enjoys it as something which gives play to his bodily and mental powers, the more close his attention is forced to be.

The elementary factors of the labour-process are 1, the personal activity of man, *i.e.*, work itself, 2, the subject of that work, and 3, its instruments.

The soil (and this, economically speaking, includes water) in the virgin state in which it supplies[1] man with necessaries or the means of subsistence ready to hand, exists independently of him, and is the universal subject of human labour. All those things which labour merely separates from immediate connection with their environment, are subjects of labour spontaneously provided by Nature. Such are fish which we catch and take from their element, water, timber which we fell in the virgin forest, and ores which we extract from their veins. If, on the other hand, the subject of labour has, so to say, been filtered through previous labour, we call it raw material; such is ore already extracted and ready for washing. All raw material is the subject of labour, but not every subject of labour is raw material; it can only become so, after

[1] "The earth's spontaneous productions being in small quantity, and quite independent of man, appear, as it were, to be furnished by Nature, in the same way as a small sum is given to a young man, in order to put him in a way of industry, and of making his fortune." (James Steuart: "Principles of Polit. Econ." edit. Dublin, 1770, v. I. p. 116.)

it has undergone some alteration by means of labour.

An instrument of labour is a thing, or a complex of things, which the labourer interposes between himself and the subject of his labour, and which serves as the conductor of his activity. He makes use of the mechanical, physical, and chemical properties of some substances in order to make other substances subservient to his aims.[1] Leaving out of consideration such ready-made means of subsistence as fruits, in gathering which a man's own limbs serve as the instruments of his labour, the first thing of which the labourer possesses himself is not the subject of labour but its instrument. Thus Nature becomes one of the organs of his activity, one that he annexes to his own bodily organs, adding stature to himself in spite of the Bible. As the earth is his original larder, so too it is his original tool house. It supplies him, for instance, with stones for throwing, grinding, pressing, cutting, &c. The earth itself is an instrument of labour, but when used as such in agriculture implies a whole series of other instruments and a comparatively high development of labour.[2] No sooner does labour undergo the least development, than it requires specially prepared instruments. Thus in the oldest caves we find stone implements and weapons. In the earliest period of human history domesticated animals, *i.e.*, animals which have been bred for the purpose, and have undergone modifications by means of labour, play the chief part as instruments of labour along with specially prepared stones, wood, bones, and shells. The use and fabrciation of instruments of labour, although existing in the germ among certain species of animals, is specifically characteristic of the human labour-process, and Franklin therefore defines man as a tool-making animal. Relics of by-gone insturments of labour possess the same importance for the investigation of extinct economical forms of society, as do fossil bones for the determination of extinct species of animals. It is not the articles made, but how they are made, and by what instruments, that enables us to dis-

[1] "Reason is just as cunning as she is powerful. Her cunning consists principally in her mediating activity, which, by causing objects to act and re act on each other in accordance with their own nature, in this way, without any direct interference in the process, carries out reasons intentions." (Hegel: "Encyklopadie, Erster Theil. Die Logik." Berlin, 1840, p. 382.)

[2] In his otherwise miserable work ("Théorie de l'Econ. Polit." Paris, 1819), Ganilh enumerates in a striking manner in opposition to the "Physiocrats" the long series of previous processes necessary before agriculture properly so called can commence.

[3] Turgot in his "Reflexions sur la Formation et la Distribution des Richesses" (1766) brings well into prominence the importance of domesticated animals to early civilisation.

tinguish different economical epochs.[1] Instruments of labour not only supply a standard of the degree of development to which human labour has attained, but they are also indicators of the social conditions under which that labour is carried on. Among the instruments of labour, those of a mechanical nature, which, taken as a whole, we may call the bone and muscles of production, offer much more decided characteristics of a given epoch of production, than those which, like pipes, tubs, baskets, jars, &c., serve only to hold the materials for labour, which latter class, we may in a general way, call the vascular system of production. The latter first begins to play an important part in the chemical industries.

In a wider sense we may include among the instruments of labour, in addition to those things that are used for directly transferring labour to its subject, and which therefore, in one way or another, serve as conductors of activity, all such objects as are necessary for carrying on the labour-process. These do not enter directly into the process, but without them it is either impossible for it to take place at all, or possible only to a partial extent. Once more we find the earth to be a universal instrument of this sort, for it furnishes a locus standi to the labourer and a field of employment for his activity. Among instruments that are the result of previous labour and also belong to this class, we find workshops, canals, roads, and so forth.

In the labour-process, therefore, man's activity, with the help of the instruments of labour, effects an alteration, designed from the commencement, in the material worked upon. The process disappears in the product; the latter is a use-value, Nature's material adapted by a change of form to the wants of man. Labour has incorporated itself with its subject: the former is materialised, the latter transformed. That which in the labourer appeared as movement, now appears in the product, as a fixed quality without motion. The blacksmith forges and the product is a forging.

If we examine the whole process from the point of view of its result, the product, it is plain that both the instru-

[1] The least important commodities of all for the technological comparison of different epochs of production are articles of luxury, in the strict meaning of the term. However little our written histories up to this time notice the development of material production, which is the basis of all social life, and therefore of all real history, yet prehistoric times have been classified in accordance with the results, not of so-called historical, but of materialistic investigations. These periods have been divided, to correspond with the materials from which their implements and weapons are made, viz., into the stone, the bronze, and the iron ages.

ments and the subject of labour, are means of production,[1] and that the labour itself is productive labour.[2]

Though a use-value, in the form of a product, issues from the labour-process, yet other use-values, products of previous labour, enter into it as means of production. The same use-value is both the product of a previous process, and a means of production in a later process. Products are therefore not only results, but also essential conditions of labour.

With the exception of the extractive industries, in which the material for labour is provided immediately by nature, such as mining, hunting, fishing, and agriculture (so far as the latter is confined to breaking up virgin soil), all branches of industry manipulate raw material, objects already filtered through labour, already products of labour. Such is seed in agriculture. Animals and plants, which we are accustomed to consider as products of nature, are in their present form, not only products of, say last year's labour, but the result of a gradual transformation, continued through many generations, under man's superintendence, and by means of his labour. But in the great majority of cases, instruments of labour show even to the most superficial observer, traces of the labour of past ages.

Raw material may either form the principal substance of a product, or it may enter into its formation only as an accessory. An accessory may be consumed by the instruments of labour, as coal under a boiler, oil by a wheel, hay by draft-horses, or it may be mixed with the raw material in order to produce some modification thereof, as chlorine into unbleached linen, coal with iron, dye-stuff with wool, or again, it may help to carry on the work itself, as in the case of the materials used for heating and lighting workshops. The distinction between principal substance and accessory vanishes in the true chemical industries, because there none of the raw material reappears, in its original composition, in the substance of the product.[3]

Every object possesses various properties, and is thus capable of being applied to different uses. One and the

[1] It appears paradoxical to assert, that uncaught fish, for instance, are a means of production in the fishing industry. But hitherto no one has discovered the art of catching fish in waters that contain none.

[2] This method of determining from the standpoint of the labour process alone what is productive labour is by no means directly applicable to the case of the capitalist process of production.

[3] Storch calls true raw materials "matières," and accessory material "matériaux." Cherbuliez describes accessories as "matières instrumentales."

same product may therefore serve as raw material in very different processes. Corn, for example, is a raw material for millers, starch-manufacturers, distillers, and cattle-breeders. It also enters as raw material into its own production in the shape of seed: coal, too, is at the same time the product of, and a means of production in, coal-mining.

Again, a particular product may be used in one and the same process, both as an instrument of labour and as raw material. Take, for instance, the fattening of cattle, where the animal is the raw material, and at the same time an instrument for the production of manure.

A product, though ready for immediate consumption, may yet serve as raw material for a further product, as grapes when they become the raw material for wine. On the other hand, labour may give us its product in such a form, that we can use it only as raw material, as is the case with cotton, thread, and yarn. Such a raw material, though itself a product, may have to go through a whole series of different processes: in each of these in turn, it serves, with constantly varying form, as raw material, until the last process of the series leaves it a perfect product, ready for individual consumption, or for use as an instrument of labour.

Hence we see, that whether a use-value is to be regarded as raw material, as instrument of labour, or as product, this is determined entirely by its function in the labour process, by the position it there occupies: as this varies, so does its character.

Whenever therefore a product enters as a means of production into a new labour-process, it thereby loses its character of produce, and becomes a mere factor in the process. A spinner treats spindles only as implements for spinning, and flax only as the material that he spins. Of course it is impossible to spin without material and spindles; and therefore the existence of these things as products, at the commencement of the spinning operation, must be presumed: but in the process itself, the fact that they are products of previous labour, is a matter of utter indifference; just as in the digestive process, it is of no importance whatever, that bread is the produce of the previous labour of the farmer, the miller, and the baker. On the contrary, it is generally by their imperfections as products, that the means of production in any process assert themselves in their character as products. A blunt knife or weak thread forcibly remind

us of Mr. A., the cutler, or Mr. B., the spinner. In the finished product the labour by means of which it has acquired its useful qualities is not palpable, has apparently vanished.

A machine which does not serve the purposes of labour, is useless. In addition, it falls a prey to the destructive influence of natural forces. Iron rusts and wood rots. Yarn with which we neither weave nor knit, is cotton wasted. Living labour must seize upon these things and rouse them from their death-sleep, change them from mere possible use-values into real and effective ones. Bathed in the fire of labour, appropriated as part and parcel of labour's organism, and, as it were, made alive for the performance of their functions in the process, they are in truth consumed, but consumed with a purpose, as elementary constituents of new use-values, of new products, ever ready as means of subsistence for individual consumption, or as means of production for some new labour-process.

If then, on the one hand, finished products are not only results, but also necessary conditions, of the labour-process, on the other hand, their assumption into that process, their contact with living labour, is the sole means by which they can be made to retain their character of use-values, and be utilised.

Labour uses up its material factors, its subject and its instruments, consumes them, and is therefore a process of consumption. Such productive consumption is distinguished from individual consumption by this, that the latter uses up products, as means of subsistence for the living individual; the farmer, as means whereby alone, labour, the labour power of the living individual, is enabled to act. The product, therefore, of individual consumption, is the consumer himself; the result of productive consumption, is a product distinct from the consumer.

In so far then, as its instruments and subjects are themselves products, labour consumes products in order to create products, or in other words, consumes one set of products by turning them into means of production for another set. But, just as in the beginning, the only participators in the labour process were man and the earth, which latter exists independently of man, so even now we still employ in the process many means of production, provided directly by nature, that do not represent any combination of natural substances with human labour.

The labour process, resolved as above into its simple ele

mentary factors, is human action with a view to the production of use-values, appropriation of natural substances to human requirements; it is the necessary condition for effecting exchange of matter between man and Nature; it is the everlasting nature-imposed condition of human existence, and therefore is independent of every social phase of that existence, or rather, is common to every such phase. It was, therefore, not necessary to represent our labourer in connexion with other labourers; man and his labour on one side, Nature and its materials on the other, sufficed. As the taste of the porridge does not tell you who grew the oats, no more does this simple process tell you of itself what the the social conditions under which it is taking place, whether under the slave-owner's brutal lash, or the anxious eye of the capitalist, whether Cincinnatus carries it on in tilling his modest farm or a savage in killing wild animals with stones.[1]

Let us now return to our would-be capitalist. We left him just after he had purchased, in the open market, all the necessary factors of the labour-process; its objective factors, the means of production, as well as its subjective factor, labour-power. With the keen eye of an expert, he had selected the means of production and the kind of labour-power best adapted to his particular trade, be it spinning, bootmaking, or any other kind. He then proceeds to consume the commodity, the labour power that he has just bought, by causing the labourer, the impersonation of that labour-power, to consume the means of production by his labour. The general character of the labour-process is evidently not changed by the fact, that the labourer works for the capitalist instead of for himself; moreover, the particular methods and operations employed in bootmaking or spinning are not immediately changed by the intervention of the capitalist. He must begin by taking the labour-power as he finds it in the market, and consequently be satisfied with labour of such a kind as would be found in the period immediately preceding the rise of the capitalists. Changes in the methods of production by the subordination of labour to capital, can take place only at a later period, and therefore will have to be treated of in a later chapter.

[1] By a wonderful feat of logical acumen Colonel Torrens has discovered in this stone of the savage the origin of capital. "In the first stone which he [the savage] flings at the wild animal he pursues, in the stick that he seizes to strike down the fruit which hangs above his reach, we see the appropriation of one article for the purpose of aiding in the acquisition of another, and thus discover the origin of capital. (R. Torrens: "An Essay on the Production of Wealth." &c., pp. 70, 71.)

The labour-process, turned into the process by which the capitalist consumes labour-power, exhibits two characteristic phenomena. First, the labourer works under the control of the capitalist to whom his labour belongs; the capitalist taking good care that the work is done in a proper manner, and that the means of production are used with intelligence, so that there is no unnecessary waste of raw material, and no wear and tear of the implements beyond what is necessarily caused by the work.

Secondly, the product is the property of the capitalist and not that of the labourer, its immediate producer. Suppose that a capitalist pays for a day's labour-power at its value; then the right to use that power for a day belongs to him, just as much as the right to use any other commodity, such as a horse that he has hired for the day. To the purchaser of a commodity belongs its use, and the seller of labour-power, by giving his labor, does no more, in reality, than part with the use-value that he has sold. From the instant he steps into the workshop, the use-value of his labour-power, and therefore also its use, which is labour, belongs to the capitalist. By the purchase of labour-power, the capitalist incorporates labour, as a living ferment, with the lifeless constituents of the product. From his point of view, the labour-process is nothing more than the consumption of the commodity purchased, *i.e.*, of labour-power; but this consumption cannot be effected except by supplying the labour-power with the means of production. The labour process is a process between things that the capitalist has purchased, things that have become his property. The product of this process also belongs, therefore, to him, just as much as does the wine which is the product of a process of fermentation completed in his cellar.[1]

[1] "Products are appropriated before they are converted into capital; this conversion does not secure them from such appropriation." (Cherbuliez "Riche ou Pauvre," edit. Paris, 1841, pp. 53, 54.) "The Proletarian, by selling his labour for a definite quantity of the necessaries of life, renounces all claim to a share in the product. The mode of appropriation of the products remains the same as before; it is no way altered by the bargain we have mentioned. The product belongs exclusively to the capitalist, who supplied the raw material and the necessaries of life, and this is a rigorous consequence of the law of appropriation, a law whose fundamental principle was the very opposite, namely, that every labourer has an exclusive right to the ownership of what he produces." l. c. p. 58.) "When the labourers receive wages for their labour .... the capitalist is then the owner not of the capital only" (he means the means of production.) "but of the labour also. If what is paid as wages is included, as it commonly is, in the term capital, it is absurd to talk of labour separately from capital. The word capital as thus employed includes labour and capital both." (James Mill: "Elements of Pol. Econ.," &c., Ed. 1821, pp. 70, 71.)

SECTION 2.—THE PRODUCTION OF SURPLUS-VALUE.

The product appropriated by the capitalist is a use-value, as yarn, for example, or boots. But, although boots are, in one sense, the basis of all social progress, and our capitalist is a decided "progressist," yet he does not manufacture boots for their own sake. Use-value is, by no means, the thing "qu'on aime pour lui-même" in the production of commodities. Use-values are only produced by capitalists, because, and in so far as, they are the material substratum, the depositaries of exchange-value. Our capitalist has two objects in view: in the first place, he wants to produce a use-value that has a value in exchange, that is to say, an article destined to be sold, a commodity; and secondly, he desires to produce a commodity whose value shall be greater than the sum of the values of the commodities used in its production, that is, of the means of production and the labour-power, that he purchased with his good money in the open market. His aim is to produce not only a use-value, but a commodity also; not only use-value, but value; not only value, but at the same time surplus-value.

It must be borne in mind, that we are now dealing with the production of commodities, and that, up to this point, we have only considered one aspect of the process. Just as commodities are, at the same time, use-values and values, so the process of producing them must be a labor-process, and at the same time, a process of creating value.[1]

Let us now examine production as a creation of value.

We know that the value of each commodity is determined by the quantity of labour expended on and materialised in it, by the working-time necessary, under given social conditions, for its production. This rule also holds good in the case of the product that accrued to our capitalist, as the result of the labour-process carried on for him. Assuming this product to be 10 lbs. of yarn, our first step is to calculate the quantity of labour realised in it.

For spinning the yarn, raw material is required; suppose in this case 10 lbs. of cotton. We have no need at present to investigate the value of this cotton, for our capitalist has, we will assume, bought it at its full value, say of ten shillings. In this price the labour required for the production of the cotton is already expressed in terms of the average labour of

[1] As has been stated in a previous note, the English language has two different expressions for these two different aspects of labour: in the Simple Labour-process, the process of producing Use-Values, it is "Work"; in the process of creation of Value, it is "Labour," taking the term in its strictly economical sense.—Ed.

society. We will further assume that the wear and tear of the spindle, which, for our present purpose, may represent all other instruments of labour employed, amounts to the value of 2s. If, then, twenty-four hours' labour, or two working days, are required to produce the quantity of gold represented by twelve shillings, we have here, to begin with, two days' labour already incorporated in the yarn.

We must not let ourselves be misled by the circumstance that the cotton has taken a new shape while the substance of the spindle has to a certain extent been used up. By the general law of value, if the value of 40 lbs. of yarn = the value of 40 lbs. of cotton + the value of a whole spindle, *i.e.*, if the same working time is required to produce the commodities on either side of this equation, then 10 lbs. of yarn are an equivalent for 10 lbs. of cotton, together with one-fourth of a spindle. In the case we are considering the same working time is materialised in the 10 lbs. of yarn on the one hand, and in the 10 lbs. of cotton and the fraction of a spindle on the other. Therefore, whether value appears in cotton, in a spindle, or in yarn, makes no difference in the amount of that value. The spindle and cotton, instead of resting quietly side by side, join together in the process, their forms are altered, and they are turned into yarn; but their value is no more affected by this fact than it would be if they had been simply exchanged for their equivalent in yarn.

The labour required for the production of the cotton, the raw material of the yarn, is part of the labour necessary to produce the yarn, and is therefore contained in the yarn. The same applies to the labour embodied in the spindle, without whose wear and tear the cotton could not be spun.

Hence, in determining the value of the yarn, or the labour time required for its production, all the special processes carried on at various times and in different places, which were necessary, first to produce the cotton and the wasted portion of the spindle, and then with the cotton and spindle to spin the yarn, may together be looked on as different and successive phases of one and the same process. The whole of the labour in the yarn is past labour; and it is a matter of no importance that the operations necessary for the production of its constituent elements were carried on at times which, referred to the present, are more remote than the final operation of spinning. If a definite quantity of labour, say thirty days, is requisite to build a house, the total amount of labour incorporated in it is not altered by the fact that the work of the

last day is done twenty-nine days later than that of the first. Therefore the labour contained in the raw material and the instruments of labour can be treated just as if it were labour expended in an earlier stage of the spinning process, before the labour of actual spinning commenced.

The values of the means of production, *i.e.*, the cotton and the spindle, which values are expressed in the price of twelve shillings, are therefore constituent parts of the value of the yarn, or, in other words, of the value of the product.

Two conditions must nevertheless be fulfilled. First, the cotton and spindle must concur in the production of a use-value; they must in the present case become yarn. Value is independent of the particular use-value by which it is borne, but it must be embodied in a use-value of some kind. Secondly, the time occupied in the labour of production must not exceed the time really necessary under the given social conditions of the case. Therefore, if no more than 1 lb. of cotton be requisite to spin 1 lb. of yarn, care must be taken that no more than this weight of cotton is consumed in the production of 1 lb. of yarn; and similarly with regard to the spindle. Though the capitalist have a hobby, and use a gold instead of a steel spindle, yet the only labour that counts for anything in the value of the yarn is that which would be required to produce a steel spindle, because no more is necessary under the given social conditions.

We now know what portion of the value of the yarn is owing to the cotton and the spindle. It amounts to twelve shillings or the value of two days' work. The next point for our consideration is, what portion of the value of the yarn is added to the cotton by the labour of the spinner.

We have now to consider this labour under a very different aspect from that which it had during the labour-process; there, we viewed it solely as that particular kind of human activity which changes cotton into yarn; there, the more the labour was suited to the work, the better the yarn, other circumstances remaining the same. The labour of the spinner was then viewed as specifically different from other kinds of productive labour, different on the one hand in its special aim, viz., spinning, different, on the other hand, in the special character of its operations, in the special nature of its means of production and in the special use-value of its product. For the operation of spinning, cotton and spindles are a necessity, but for making rifled cannon they would be of no use whatever. Here, on the contrary, where we consider the labour

of the spinner only so far as it is value-creating, *i.e.*, a source of value, his labour differs in no respect from the labour of the man who bores cannon, or (what here more nearly concerns us), from the labour of the cotton planter and spindle-maker incorporated in the means of production. It is solely by reason of this identity, that cotton planting, spindle making and spinning, are capable of forming the component parts, differing only quantitatively from each other, of one whole, namely, the value of the yarn. Here, we have nothing more to do with the quality, the nature and the specific character of the labour, but merely with its quantity. And this simply requires to be calculated. We proceed upon the assumption that spinning is simple, unskilled labour, the average labour of a given state of society. Hereafter we shall see that the contrary assumption would make no difference.

While the labourer is at work, his labour constantly undergoes a transformation: from being motion, it becomes an object without motion; from being the labourer working, it becomes the thing produced. At the end of one hour's spinning, that act is represented by a definite quantity of yarn; in other words, a definite quantity of labour, namely that of one hour, has become embodied in the cotton. We say labour, *i.e.*, the expenditure of his vital force by the spinner, and not spinning labour, because the special work of spinning counts here, only so far as it is the expenditure of labour power in general, and not in so far as it is the specific work of the spinner.

In the process we are now considering it is of extreme importance, that no more time be consumed in the work of transforming the cotton into yarn than is necessary under the given social conditions. If under normal, *i.e.*, average social conditions of production, *a* pounds of cotton ought to be made into *b* pounds of yarn by one hours' labour, then a day's labour does not count as 12 hours' labour unless 12 *a* pounds of cotton have been made into 12 *b* pounds of yarn; for in the creation of value, the time that is socially necessary alone counts.

Not only the labour, but also the raw material and the product now appear in quite a new light, very different from that in which we viewed them in the labour process pure and simple. The raw material serves now merely as an absorbent of a definite quantity of labour. By this absorption it is in fact changed into yarn, because it is spun, because labour power in the form of spinning is added to it; but the product, the yarn, is now nothing more than a measure of the labour absorbed by the cotton. If in one hour $1\frac{2}{3}$ lbs. of cotton

can be spun into $1\frac{2}{3}$ lbs. of yarn, then 10 lbs. of yarn indicate the absorption of 6 hours' labour. Definite quantities of product, these quantities being determined by experience, now represent nothing but definite quantities of labour, definite masses of crystallized labour-time. They are nothing more than the materialization of so many hours or so many days of social labour.

We are here no more concerned about the facts, that the labour is the specific work of spinning, that its subject is cotton and its product yarn, than we are about the fact that the subject itself is already a product and therefore raw material. If the spinner, instead of spinning, were working in a coal mine, the subject of his labour, the coal would be supplied by Nature; nevertheless, a definite quantity of extracted coal, a hundred weight, for example, would represent a definite quantity of absorbed labour.

We assumed, on the occasion of its sale, that the value of a day's labour-power is three shillings, and that six hours' labour are incorporated in that sum; and consequently that this amount of labour is requisite to produce the necessaries of life daily required on an average by the labourer. If now our spinner by working for one hour, can convert $1\frac{2}{3}$ lbs. of cotton into $1\frac{2}{3}$ lbs. of yarn,[1] it follows that in six hours he will convert 10 lbs. of cotton into 10 lbs. of yarn. Hence, during the spinning process, the cotton absorbs six hours' labour. The same quantity of labour is also embodied in a piece of gold of the value of three shillings. Consequently by the mere labour of spinning, a value of three shillings is added to the cotton.

Let us now consider the total value of the product, the 10 lbs. of yarn. Two and a half day's labour have been embodied in it, of which two days were contained in the cotton and in the substance of the spindle worn away, and half a day was absorbed during the process of spinning. This two and a half days' labour is also represented by a piece of gold of the value of fifteen shillings. Hence, fifteen shillings is an adequate price for the 10 lbs. of yarn, or the price of one pound is eighteen-pence.

Our capitalist stares in astonishment. The value of the product is exactly equal to the value of the capital advanced. The value so advanced has not expanded, no surplus-value has been created, and consequently money has not been converted into capital. The price of the yarn is fifteen shillings,

[1] These figures are quite arbitrary.

and fifteen shillings were spent in the open market upon the constituent elements of the product, or, what amounts to the same thing, upon the factors of the labour-process; ten shillings were paid for the cotton, two shillings for the substance of the spindle worn away, and three shillings for the labour-power. The swollen value of the yarn is of no avail, for it is merely the sum of the values formerly existing in the cotton, the spindle, and the labor-power; out of such a simple addition of existing values, no surplus-value can possibly arise.[1] These separate values are now all concentrated in one thing; but so they were also in the sum of fifteen shillings, before it was split up into three parts, by the purchase of the commodities.

There is in reality nothing very strange in this result. The value of one pound of yarn being eighteenpence, if our capitalist buys 10 lbs. of yarn in the market, he must pay fifteen shillings for them. It is clear that, whether a man buys his house ready built, or gets it built for him, in neither case will the mode of acquisition increase the amount of money laid out on the house.

Our capitalist, who is at home in his vulgar economy, exclaims: "Oh! but I advanced my money for the express purpose of making more money." The way to Hell is paved with good intentions, and he might just as easily have intended to make money, without producing at all.[2] He threatens all sorts of things. He won't be caught napping again. In future he will buy the commodities in the market, instead of manufacturing them himself. But if all his brother capitalists were to do the same, where would he find his commodities in the market? And his money he cannot eat. He tries persuasion. "Consider my abstinence; I might have played ducks and drakes with the 15 shillings; but instead of that I consumed it productively, and made yarn with it." Very well, and by way of reward he is now in possession of good yarn instead of a bad conscience; and as for playing the part of a

[1] This is the fundamental proposition on which is based the doctrine of the Physiocrats as to the unproductiveness of all labour that is not agricultural. It is irrefutable for the orthodox economist. "Cette façon d'imputer à une seule chose la valeur de plusieurs autres" (par exemple au lin la consommation du tisserand), "d'appliquer, pour ainsi dire, couche sur couche, plusieurs valeurs sur une seule, fait que celle-ci grossit d'autant. . . . . Le terme d'addition peint très bien la manière dont se forme le prix des ouvrages de main d'œuvre: ce prix n'est qu'un total de plusieurs valeurs consommées et additionées ensemble; or, additionner n'est pas multiplier." ("Mercier de la Rivière," l. c. p. 599.)

[2] Thus from 1844-47 he withdrew part of his capital from productive employment, in order to throw it away in railway speculations, and so also during the American Civil War, he closed his factory, and turned his workpeople into the streets, in order to gamble on the Liverpool cotton exchange.

miser, it would never do for him to relapse into such bad ways as that; we have seen before to what results such asceticism leads. Besides, where nothing is, the king has lost his rights: whatever may be the merit of his abstinence, there is nothing wherewith specially to remunerate it, because the value of the product is merely the sum of the values of the commodities that were thrown into the process of production. Let him therefore console himself with the reflection that virtue is its own reward. But no, he becomes importunate. He says: "The yarn is of no use to me: I produced it for sale." In that case let him sell it, or, still better, let him for the future produce only things for satisfying his personal wants, a remedy that his physician M'Culloch has already prescribed as infallible against an epidemic of over-production. He now gets obstinate. "Can the labourer," he asks, "merely with his arms and legs, produce commodities out of nothing? Did I not supply him with the materials, by means of which, and in which alone, his labour could be embodied? And as the greater part of society consists of such ne'er-do-weels, have I not rendered society incalculable service by my instruments of production, my cotton and my spindle, and not only society, but the labourer also, whom in addition I have provided with the necessaries of life? And am I to be allowed nothing in return for all this service?" Well, but has not the labourer rendered him the equivalent service of changing his cotton and spindle into yarn? Moreover, there is here no question of service.[1] A service is nothing more than the useful effect of a use-value, be it of a commodity, or be it of labour.[2] But here we are dealing with exchange-value. The capitalist paid to the labourer a value of 3 shillings, and the labourer gave him back an exact equivalent in the value of 3 shillings, added by him to the cotton: he gave him value for value. Our friend, up to this time so purse-proud, suddenly assumes the modest demeanour of his own workman, and exclaims: "Have

[1] "Extol thyself, put on finery and adorn thyself . . . but whoever takes more or better than he gives, that is usury, and is not service, but wrong done to his neighbour, as when one steals and robs. All is not service and benefit to a neighbour, that is called service and benefit. For an adulteress and aduterer do one another great service and pleasure . . . A horseman does an incendiary a great service by helping him to rob on the highway, and pillage land and houses. The papists do ours a great service in that they don't drown, burn, murder all of them, or let them all rot in prison, but let some live, and only drive them out or take from them what they have. The devil himself does his servants inestimable service . . . . To sum up, the world is full of great, excellent, and daily service and benefit." (Martin Luther: "An die Pfarherrn, wider den Wucher zu predigen," Wittenberg, 1540.)

[2] In "Critique of Pol. Ec.," p. 34, I make the following remark on this point: "It is not difficult to understand what 'service' the category 'service' must render to a class of economists like J. B. Say and F. Bastiat."

I myself not worked? Have I not performed the labour of superintendence and of overlooking the spinner? And does not this labour, too, create value?" His overlooker and his manager try to hide their smiles. Meanwhile, after a hearty laugh, he re-assumes his usual mien. Though he chanted to us the whole creed of the economists, in reality, he says, he would not give a brass farthing for it. He leaves this and all such like subterfuges and juggling tricks to the professors of political economy, who are paid for it. He himself is a practical man; and though he does not always consider what he says outside his business, yet in his business he knows what he is about.

Let us examine the matter more closely. The value of a day's labour power amounts to 3 shillings, because on our assumption half a day's labour is embodied in that quantity of labour-power, *i.e.*, because the means of subsistence that are daily required for the production of labour-power, cost half a day's labour. But the past labour that is embodied in the labour-power, and the living labour that it can call into action; the daily cost of maintaining it, and its daily expenditure in work, are two totally different things. The former determines the exchange-value of the labour-power, the latter is its use-value. The fact that half a day's labour is necessary to keep the labourer alive during 24 hours, does not in any way prevent him from working a whole day. Therefore, the value of labour power, and the value which that labour power creates in the labour process, are two entirely different magnitudes; and this difference of the two values was what the capitalist had in view, when he was purchasing the labour-power. The useful qualities that labour-power possesses, and by virtue of which it makes yarn or boots, were to him nothing more than a conditio sine qua non; for in order to create value, labour must be expended in a useful manner. What really influenced him was the specific use-value which this commodity possesses of being *a source not only of value, but of more value than it has itself*. This is the special service that the capitalist expects from labour-power, and in this transaction he acts in accordance with the "eternal laws" of the exchange of commodities. The seller of labour power, like the seller of any other commodity, realises its exchange value, and parts with its use-value. He cannot take the one without giving the other. The use-value of labour power, or in other words, labour, belongs just as little to its seller, as the use-value of oil after it has been sold belongs to the dealer who has sold it. The owner

of the money has paid the value of a day's labour-power; his, therefore, is the use of it for a day; a day's labour belongs to him. The circumstance, that on the one hand the daily sustenance of labour-power costs only half a day's labour, while on the other hand the very same labour-power can work during a whole day, that consequently the value which its use during one day creates, is double what he pays for that use, this circumstance is, without doubt, a piece of good luck for the buyer, but by no means an injury to the seller.

Our capitalist foresaw this state of things, and that was the cause of his laughter. The labourer therefore finds, in the workshop, the means of production necessary for working, not only during six, but during twelve hours. Just as during the six hours' process our 10 lbs. of cotton absorbed six hours' labour, and became 10 lbs. of yarn, so now, 20 lbs. of cotton will absorb 12 hours' labour and be changed into 20 lbs. of yarn. Let us now examine the product of this prolonged process. There is now materialised in this 20 lbs. of yarn the labour of five days, of which four days are due to the cotton and the lost steel of the spindle, the remaining day having been absorbed by the cotton during the spinning process. Expressed in gold, the labour of five days is thirty shillings. This is therefore the price of the 20 lbs. of yarn, giving, as before, eighteenpence as the price of a pound. But the sum of the values of the commodities that entered into the process amounts to 27 shillings. The value of the yarn is 30 shillings. Therefore the value of the product is 1-9th greater than the value advanced for its production; 27 shillings have been transformed into 30 shillings; a surplus-value of 3 shillings has been created. The trick has at last succeeded; money has been converted into capital.

Every condition of the problem is satisfied, while the laws that regulate the exchange of commodities, have been in no way violated. Equivalent has been exchanged for equivalent. For the capitalist as buyer paid for each commodity, for the cotton, the spindle and the labour-power, its full value. He then did what is done by every purchaser of commodities; he consumed their use-value. The consumption of the labour-power, which was also the process of producing commodities, resulted in 20 lbs. of yarn, having a value of 30 shillings. The capitalist, formerly a buyer, now returns to market as a seller, of commodities. He sells his yarn at eighteenpence a pound, which is its exact value. Yet for all that he withdraws 3 shillings more from circulation than he originally

threw into it. This metamorphosis, this conversion of money into capital, takes place both within the sphere of circulation and also outside it; within the circulation, because conditioned by the purchase of the labour-power in the market; outside the circulation, because what is done within it is only a stepping stone to the production of surplus-value, a process which is entirely confined to the sphere of production. Thus "tout est pour le mieux dans le meilleur des mondes possibles."

By turning his money into commodities that serve as the material elements of a new product, and as factors in the labour-process, by incorporating living labour with their dead substance, the capitalist at the same time converts value, *i.e.*, past, materialised, and dead labour into capital, into value big with value, a live monster that is fruitful and multiplies.

If we now compare the two processes of producing value and of creating surplus-value, we see that the latter is nothing but the continuation of the former beyond a definite point. If on the one hand the process be not carried beyond the point, where the value paid by the capitalist for the labour-power is replaced by an exact equivalent, it is simply a process of producing value; if, on the other hand, it be continued beyond that point, it becomes a process of creating surplus-value.

If we proceed further, and compare the process of producing value with the labour-process, pure and simple, we find that the latter consists of the useful labour, the work, that produces use-values. Here we contemplate the labour as producing a particular article; we view it under its qualitative aspect alone, with regard to its end and aim. But viewed as a value-creating process, the same labour-process presents itself under its quantitative aspect alone. Here it is a question merely of the time occupied by the labourer in doing the work; of the period during which the labour power is usefully expended. Here, the commodities that take part in the process, do not count any longer as necessary adjuncts of labour power in the production of a definite, useful object. They count merely as depositaries of so much absorbed or materialised labour; that labour, whether previously embodied in the means of production, or incorporated in them for the first time during the process by the action of labour-power, counts in either case only according to its duration; it amounts to so many hours or days as the case may be.

Moreover, only so much of the time spent in the production of any article is counted, as, under the given social conditions,

is necessary. The consequences of this are various. In the first place, it becomes necessary that the labour should be carried on under normal conditions. If a self-acting mule is the implement in general use for spinning, it would be absurd to supply the spinner with a distaff and spinning wheel. The cotton too must not be such rubbish as to cause extra waste in being worked, but must be of suitable quality. Otherwise the spinner would be found to spend more time in producing a pound of yarn than is socially necessary, in which case the excess of time would create neither value nor money. But whether the material factors of the process are of normal quality or not, depends not upon the labourer, but entirely upon the capitalist. Then again, the labour power itself must be of average efficacy. In the trade in which it is being employed, it must possess the average skill, handiness and quickness prevalent in that trade, and our capitalist took good care to buy labour-power of such normal goodness. This power must be applied with the average amount of exertion and with the usual degree of intensity; and the capitalist is as careful to see that this is done, as that his workmen are not idle for a single moment. He has bought the use of the labour-power for a definite period, and he insists upon his rights. He has no intention of being robbed. Lastly, and for this purpose our friend has a penal code of his own, all wasteful consumption of raw material or instruments of labour is strictly forbidden, because what is so wasted, represents labour superfluously expended, labour that does not count in the product or enter into its value.[1]

[1]This is one of the circumstances that makes production by slave labour such a costly process. The labourer here is, to use a striking expression of the ancients, distinguishable only as instrumentum vocale, from an animal as instrumentum semivocale, and from an implement as instrumentum mutum. But he himself takes care to let both beast and implement feel that he is none of them, but is a man. He convinces himself with immense satisfaction, that he is a different being, by treating the one unmercifully and damaging the other con amore. Hence the principle, universally applied in this method of production, only to employ the rudest and heaviest implements and such as are difficult to damage owing to their sheer clumsiness. In the slave-states bordering on the Gulf of Mexico, down to the date of the civil war, ploughs constructed on old Chinese models, which turned up the soil like a hog or a mole, instead of making furrows, were alone to be found. Conf. J. C. Cairns. "The Slave Power," London, 1862, p. 46-49. In his "Sea Board Slave States," Olmsted tells us: "I am here shown tools that no man in his senses, with us, would allow a labourer, for whom he was paying wages, to be incumbered with; and the excessive weight and clumsiness of which, I would judge, would make work at least ten per cent greater than with those ordinarily used with us. *And I am* assured that, in the careless and clumsy way they must be used by the slaves, anything lighter or less rude could not be furnished them with good economy and that such tools as we constantly give our labourers and find our profit in giving them, would not last out a day in a Virginia cornfield—much lighter and more free from stones though it be than ours. So, too, when I ask why mules are so universally substituted for horses on the farm, the first reason given, and confessedly the most conclusive one, is that horses cannot bear the treatment that they always must get from the negroes. horses are always soon

We now see, that the difference between labour, considered on the one hand as producing utilities, and on the other hand, as creating value, a difference which, we discovered by our analysis of a commodity, resolves itself into distinction between two aspects of the process of production.

The process of production, considered on the one hand as the unity of the labour-process and the process of creating value, is production of commodities; considered on the other hand as the unity of the labour-process and the process of producing surplus-value, it is the capitalist process of production, or capitalist production of commodities.

We stated, on a previous page, that in the creation of surplus-value it does not in the least matter, whether the labour appropriated by the capitalist be simple unskilled labour of average quality or more complicated skilled labour. All labour of a higher or more complicated character than average labour is expenditure of labour-power of a more costly kind, labour-power whose production has cost more time and labour, and which therefore has a higher value, than unskilled or simple labour-power. This power being of higher value, its consumption is labour of a higher class, labour that creates in equal times proportionally higher values than unskilled labour does. Whatever difference in skill there may be between the labour of a spinner and that of a jeweller, the portion of his labour by which the jeweller merely replaces the value of his own labour-power, does not in any way differ in quality from the additional portion by which he creates surplus-value. In the making of jewellery, just as in spinning, the surplus value results only from a quantitative excess of labour, from a lengthening-out of one and the same labour process, in the one case, of the process of making jewels, in the other of the process of making yarn.[1]

foundered or crippled by them, while mules will bear cudgelling, or lose a meal or two now and then, and not be materially injured, and they do not take cold or get sick, if neglected or overworked. But I do not need to go further than the window of the room in which I am writing, to see at almost any time, treatment of cattle that would ensure the immediate discharge of the driver by almost any farmer owning them in the North."

[1]The distinction between skilled and unskilled labour rests in part on pure illusion, or, to say the least, on distinctions that have long since ceased to be real, and that survive only by virtue of a traditional convention; in part on the helpless condition of some groups of the working-class, a condition that prevents them from exacting equally with the rest the value of their labour-power. Accidental circumstances here play so great a part, that these two forms of labour sometimes change places. Where, for instance, the physique of the working-class has deteriorated, and is, relatively speaking, exhausted, which is the case in all countries with a well developed capitalist production, the lower forms of labour which demand great expenditure of muscle, are in general considered as skilled, compared with much more delicate forms of labour; the latter sink down to the level of unskilled labour. Take as an example the labour of a bricklayer, which in England occupies a much higher level than that of a

But on the other hand, in every process of creating value, the reduction of skilled labour to average social labour, *e.g.*, one day of skilled to six days of unskilled labour, is unavoidable.[1] We therefore save ourselves a superfluous operation, and simplify our analysis, by the assumption, that the labour of the workman employed by the capitalist is unskilled average labour.

CHAPTER VIII.

CONSTANT CAPITAL AND VARIABLE CAPITAL.

The various factors of the labour-process play different parts in forming the value of the product.

The labourer adds fresh value to the subject of his labour by expending upon it a given amount of additional labour, no matter what the specific character and utility of that labour may be. On the other hand, the values of the means of production used up in the process are preserved, and present themselves afresh as constituent parts of the value of the product; the values of the cotton and the spindle, for instance, reappear again in the value of the yarn. The value of the means of production is therefore preserved, by being transferred to the product. This transfer takes place during the conversion of those means into a product, or in other words, during the labour-process. It is brought about by labour; but how?

The labourer does not perform two operations at once, one in order to add value to the cotton, the other in order to preserve the value of the means of production, or, in what amounts to the same thing, to transfer to the yarn, to the product, the value of the cotton on which he works, and part of

damask-weaver. Again, although the labour of a fustian cutter demands great *bodily exertion, and is at the same time unhealthy, yet it counts only as* unskilled labour. And then, we must not forget, that the so-called skilled labour does not occupy a large space in the field of national labour. Laing estimates that in England (and Wales) the livelihood of 11,000,000 people depends on unskilled labour. If from the total population of 18,000,000 living at the time when he wrote, we deduct 1,000,000 for the "genteel population," and 1,500,000 for paupers, vagrants, criminals, prostitutes, &c., and 4,650,000 who compose the middle-class, there remain the above mentioned 11,000,000. But in his middle-class he includes people that live on the interest of small investments, officials, men of letters, artists, schoolmasters and the like, and in order to swell the number he also includes in these 4,650,000 the better paid portion of the factory operatives! The bricklayers, too, figure amongst them. (S. Laing: "National Distress," &c. London, 1844.) "The great class who have nothing to give for food but ordinary labour, are the great bulk of the people." (James Mill, in art: "Colony," Supplement to the Encyclop. Brit., 1831.)

[1] "Where reference is made to labour as a measure of value, it necessarily implies labour of one particular kind . . . the proportion which the other kinds bear to it *being easily ascertained*" ("Outlines of Pol. Econ.," Lond., 1832, pp. 22 and 23.)

the value of the spindle with which he works. But, by the very act of adding new value, he preserves their former values. Since, however, the addition of new value to the subject of his labour, and the preservation of its former value, are two entirely distinct results, produced simultaneously by the labourer, during one operation, it is plain that this twofold nature of the result can be explained only by the twofold nature of his labour; at one and the same time, it must in one character create value, and in another character preserve or transfer value.

Now, in what manner does every labourer add new labour and consequently new value? Evidently, only by labouring productively in a particular way; the spinner by spinning, the weaver by weaving, the smith by forging. But, while thus incorporating labour generally, that is value, it is by the particular form alone of the labour, by the spinning, the weaving and the forging respectively, that the means of production, the cotton and spindle, the yarn and loom, and the iron and anvil become constituent elements of the product, of a new use-value.[1] Each use-value disappears, but only to re-appear under a new form in a new use-value. Now, we saw, when we were considering the process of creating value, that, if a use-value be effectively consumed in the production of a new use-value, the quantity of labour expended in the production of the consumed article, forms a portion of the quantity of labour necessary to produce the new use value; this portion is therefore labour transferred from the means of production to the new product. Hence, the labourer preserves the values of the consumed means of production, or transfers them as portions of its value to the product, not by virtue of his additional labour, abstractedly considered, but by virtue of the particular useful character of that labour, by virtue of its special productive form. In so far then as labour is such specific productive activity, in so far as it is spinning, weaving, or forging, it raises, by mere contact, the means of production from the dead, makes them living factors of the labour-process, and combines with them to form the new products.

If the special productive labour of the workman were not spinning, he could not convert the cotton into yarn, and therefore could not transfer the values of the cotton and spindle to the yarn. Suppose the same workman were to change his occupation to that of a joiner, he would still by a day's labour

[1] "Labour gives a new creation for one extinguished." ("An essay on the Polit. Econ. of Nations," London, 1821, p. 13.)

add value to the material he works upon. Consequently, we see, first, that the addition of new value takes place not by virtue of his labour being spinning in particular, or joinering in particular, but because it is labour in the abstract, a portion of the total labour of society; and we see next, that the value added is of a given definite amount, not because his labour has a special utility, but because it is exerted for a definite time. On the one hand, then, it is by virtue of its general character, as being expenditure of human labour-power in the abstract, that spinning adds new value to the values of the cotton and the spindle; and on the other hand, it is by virtue of its special character, as being a concrete, useful process, that the same labour of spinning both transfers the values of the means of production to the product, and preserves them in the product. Hence at one and the same time there is produced a twofold result.

By the simple addition of a certain quantity of labour, new value is added, and by the quality of this added labour, the original values of the means of production are preserved in the product. This twofold effect, resulting from the twofold character of labour, may be traced in various phenomena.

Let us assume, that some invention enables the spinner to spin as much cotton in 6 hours as he was able to spin before in 36 hours. His labour is now six times as effective as it was for the purposes of useful production. The product of 6 hours' work has increased sixfold, from 6 lbs. to 36 lbs. But now the 36 lbs. of cotton absorb only the same amount of labour as formerly did the 6 lbs. One-sixth as much new labour is absorbed by each pound of cotton, and consequently, the value added by the labour to each pound is only one-sixth of what it formerly was. On the other hand, in the product, in the 36 lbs. of yarn, the value transferred from the cotton is six times as great as before. By the 6 hours' spinning, the value of the raw material preserved and transferred to the product is six times as great as before, although the new value added by the labour of the spinner to each pound of the very same raw material is one-sixth what it was formerly. This shows that the two properties of labour, by virtue of which it is enabled in one case to preserve value, and in the other to create value, are essentially different. On the one hand, the longer the time necessary to spin a given weight of cotton into yarn, the greater is the new value added to the material; on the other hand, the greater the weight of the cotton spun in a given time, the greater is the value preserved, by being trans-

ferred from it to the product.

Let us now assume, that the productiveness of the spinner's labour, instead of varying, remains constant, that he therefore requires the same time as he formerly did, to convert one pound of cotton into yarn, but that the exchange value of the cotton varies, either by rising to six times its former value or falling to one-sixth of that value. In both these cases, the spinner puts the same quantity of labour into a pound of cotton, and therefore adds as much value, as he did before the change in the value: he also produces a given weight of yarn in the same time as he did before. Nevertheless, the value that he transfers from the cotton to the yarn is either one-sixth of what it was before the variation, or, as the case may be, six times as much as before. The same result occurs when the value of the instruments of labour rises or falls, while their useful efficacy in the process remains unaltered.

Again, if the technical conditions of the spinning process remain unchanged, and no change of value takes place in the means of production, the spinner continues to consume in equal working-times equal quantities of raw material, and equal quantities of machinery of unvarying value. The value that he preserves in the product is directly proportional to the new value that he addes to the product. In two weeks he incorporates twice as much labour, and therefore twice as much value, as in one week, and during the same time he consumes twice as much material, and wears out twice as much machinery, of double the value in each case; he therefore preserves, in the product of two weeks, twice as much value as in the product of one week. So long as the conditions of production remain the same, the more value the labourer adds by fresh labour, the more value he transfers and preserves; but he does so merely because this addition of new value takes place under conditions that have not varied and are independent of his own labour. Of course, it may be said in one sense, that the labourer preserves old value always in proportion to the quantity of new value that he adds. Whether the value of cotton rise from one shilling to two shillings, or fall to sixpence, the workman invariably preserves in the product of one hour only one half as much value as he preserves in two hours, In like manner, if the productiveness of his own labour varies by rising or falling, he will in one hour spin either more or less cotton, as the case may be, than he did before, and will consequently preserve in the product of one hour, more or less value of cotton; but, all the same, he will preserve by two hours' labour twice as much value as he will by one.

Value exists only in articles of utility, in objects: we leave out of consideration its purely symbolical representation by tokens. (Man himself, viewed as the impersonation of labour-power, is a natural *object*, a *thing*, although a living conscious thing, and labour is the manifestation of this power residing in him.) If therefore an article loses its utility, it also loses its value. The reason why means of production do not lose their value, at the same time that they lose their use-value, is this: they lose in the labour process the original form of their use value, only to assume in the product the form of a new use-value. But, however important it may be to value, that it should have some object of utility to embody itself in, yet it is a matter of complete indifference what particular *object* serves this purpose; this we saw when treating of the metamorphosis of commodities. Hence it follows that in the labour-process the means of production transfer their value to the product only so far as along with their use-value they lose also their exchange value. They give up to the product that value alone which they themselves lose as means of production. But in this respect the material factors of the labour-process do not all behave alike.

The coal burnt under the boiler vanishes without leaving a trace; so, too, the tallow with which the axles of wheels are greased. Dye stuffs and other auxiliary substances also vanish but re-appear as properties of the product. Raw material forms the substance of the product, but only after it has changed its form. Hence raw material and auxiliary substances lost the characteristic form with which they are clothed on entering the labour-process. It is otherwise with the instruments of labour. Tools, machines, workshops, and vessels, are of use in the labour process, only so long as they retain their original shape, and are ready each morning to renew the process with their shape unchanged. And just as during their lifetime, that is to say, during the continued labour-process in which they serve, they retain their shape independent of the product, so, too, they do after their death. The corpses of machines, tools, workshops, &c., are always separate and distinct from the product they helped to turn out.. If we now consider the case of any instrument of labour during the whole period of its service, from the day of its entry into the workshop, till the day of its banishment into the lumber room, we find that during this period its use-value has been completely consumed, and therefore its exchange value completely

transferred to the product. For instance, if a spinning machine lasts for 10 years, it is plain that during that working period its total value is gradually transferred to the product of the 10 years. The lifetime of an instrument of labour, therefore, is spent in the repetition of a greater or less number of similar operations. Its life may be compared with that of a human being. Every day brings a man 24 hours nearer to his grave: but how many days he has still to travel on that road, no man can tell accurately by merely looking at him. This difficulty, however, does not prevent life insurance offices from drawing, by means of the theory of averages, very accurate, and at the same time very profitable conclusions. So it is with the instruments of labour. It is known by experience how long on the average a machine of a particular kind will last. Suppose its use-value in the labour-process to last only six days. Then, on the average, it loses each day one-sixth of its use-value, and therefore parts with one-sixth of its value to the daily product. The wear and tear of all instruments, their daily loss of use-value, and the corresponding quantity of value they part with to the product, are accordingly calculated upon this basis.

It is thus strikingly clear, that means of production never transfer more value to the product than they themselves lose during the labour-process by the destruction of their own use-value. If such an instrument has no value to lose, if, in other words, it is not the product of human-labour, it transfers no value to the product. It helps to create use-value without contributing to the formation of exchange value. In this class are included all means of production supplied by Nature without human assistance, such as land, wind, water, metals in situ, and timber in virgin forests.

Yet another interesting phenomenon here presents itself. Suppose a machine to be worth £1000, and to wear out in 1000 days. Then one-thousandth part of the value of the machine is daily transferred to the day's product. At the same time, though with diminishing vitality, the machine as a whole continues to take part in the labour-process. Thus it appears that one factor of the labour-process, a means of production, continually enters as a whole into that process, while it enters into the process of the formation of value by fractions only. The difference between the two processes is here reflected in their material factors, by the same instrument of production taking part as a whole in the labour-process, while at the same

time as an element in the formation of value, it enters only by fractions.[1]

On the other hand, a means of production may take part as a whole in the formation of value, while into the labour-process it enters only bit by bit. Suppose that in spinning cotton, the waste for every 115 lbs. used amounts to 15 lbs., which is converted, not into yarn, but into "devil's dust." Now, although this 15 lbs. of cotton never becomes a constituent element of the yarn, yet assuming this amount of waste to be normal and inevitable under average conditions of spinning, its value is just as surely transferred to the value of the yarn, as is the value of the 100 lbs. that form the substance of the yarn. The use-value of 15 lbs. of cotton must vanish into dust, before 100 lbs. of yarn can be made. The destruction of this cotton is therefore a necessary condition in the production of the yarn. And because it is a necessary condition, and for no other reason, the value of that cotton is transferred to the product. The same holds good for every kind of refuse resulting from a labour-process, so far at least as such refuse cannot be further employed as a means in the production of new and independent use-values. Such an employment of refuse may be seen in the large machine works at Manchester, where mountains of iron turnings are carted away to the foundry in the evening, in order the next morning to re-appear in the workshops as solid masses of iron.

We have seen that the means of production transfer value to the new product, so far only as during the labour-process they lose value in the shape of their old use-value. The maximum loss of value that they can suffer in the process, is plainly

[1]The subject of repairs of the implements of labour does not concern us here. A machine that is undergoing repair, no longer plays the part of an instrument, but that of a subject of labour. Work is no longer done with it, but upon it. *It is quite permissible for our purpose to assume*, that the labour expended on the repairs of instruments is included in the labour necessary for their original production. But in the text we deal with that wear and tear, which no doctor can cure, and which little by little brings about death, with "that kind of wear which cannot be repaired from time to time, and which, in the case of a knife, would ultimately reduce it to a state in which the cutler would say of it, it is not worth a new blade." We have shewn in the text, that a machine takes part in every labour-process as an integral machine, but that into the simultaneous process of creating value it enters only bit by bit. How great then is the confusion of ideas exhibited in the following extract! "Mr. Ricardo says a portion of the labour of the engineer in making (stocking) machines" is contained for example in the value of a pair of stockings. "Yet the total labour, that produced each single pair of stockings . . . . includes the whole labour of the engineer, not a portion; for one machine makes many pairs, and none of those pairs could have been done without any part of the machine." ("Obs. on certain verbal disputes in Pol. Econ. particularly relating to value," p. 54) The author, an uncommonly self-satisfied wiseacre, is right in his confusion and therefore in his contention, to this extent only, that neither Ricardo nor any other economist, before or since him, has accurately distinguished the two aspects of labour, and still less, therefore, the part played by it under each of these aspects in the formation of value.

limited by the amount of the original value with which they came into the process, or in other words, by the labour-time necessary for their production. Therefore the means of production can never add more value to the product than they themselves possess independently of the process in which they assist. However useful a given kind of raw material, or a machine, or other means of production may be, though it may cost £150, or, say, 500 days' labour, yet it cannot, under any circumstances, add to the value of the product more than £150. Its value is determined not by the labour process into which it enters as a means of production, but by that out of which it has issued as a product. In the labour-process it only serves as a mere use-value, a thing with useful properties, and could not therefore, transfer any value to the product, unless it possessed such value previously.[1]

While productive labour is changing the means of production into constituent elements of a new product, their value undergoes a metempsychosis. It deserts the consumed body, to occupy the newly created one. But this transmigration takes place, as it were, behind the back of the labourer. He is unable to add new labour, to create new value, without at the same time preserving old values, and this, because the labour he adds must be of a specific useful kind; and he cannot do work of a useful kind, without employing products as the means of production of a new product, and thereby transferring their value to the new product. The property therefore which labour-power in action, living labour, possesses of preserving value, at the same time that it adds it, is a gift of Nature which costs the labourer nothing, but which is very

1 From this we may judge of the absurdity of J. B. Say, who pretends to account for surplus-value (Interest, Profit, Rent), by the "services productifs" which the means of production, soil, instruments, and raw material render in the labour-process by means of their use-values. Mr Wm. Roscher who seldom loses an occasion of registering in black and white, ingenious apologetic fancies, records the following specimen:—"J. B. Say (Traité, t. I. ch. 4) very truly remarks: the value produced by an oil mill, after deduction of all costs, is something new, something quite different from the labour by which the oil mill itself was erected." (I. c., p. 82, note.) Very true, Mr. Professor! the oil produced by the oil mill is indeed something very different from the labour expended in constructing the mill. By value, Mr. Roscher understands such stuff as "oil," because oil has value, notwithstanding that "Nature" produces petroleum, though relatively "in small quantities" a fact to which he seems to refer in his further observation: "It (Nature) produces scarcely any exchange value." Mr. Roscher's "Nature" and the exchange value it produces are rather like the foolish virgin who admitted indeed that she had had a child, but "it was such a little one." This "savant sérieux" in continuation remarks: "Ricardo's school is in the habit of including capital as accumulated labour under the head of labour. This is unskilful work, because, indeed the owner of capital, after all, does something more than the merely creating and preserving of the same, namely, the abstention from the enjoyment of it, for which he demands, e.g., interest" (I. c.) How very "skilful" is this "anatomico physiological method" of political economy, which, "indeed," converts a mere desire "after all" into a source of value.

advantageous to the capitalist inasmuch as it preserves the existing value of his capital.[1] So long as trade is good, the capitalist is too much absorbed in money-grubbing to take notice of this gratuitous gift of labour. A violent interruption of the labour-process by a crisis, makes him sensitively aware of it.[2]

As regards the means of production, what is really consumed is their use-value, and the consumption of this use-value by labour results in the product. There is no consumption of their value,[3] and it would therefore be inaccurate to say that it is reproduced. It is rather preserved; not by reason of any operation it undergoes itself in the process; but because the article in which it originally exists, vanishes, it is true, but vanishes into some other article. Hence, in the value of the product, there is a re-appearance of the value of the means of production, but there is, strictly speaking, no reproduction of that value. That which is produced is a new use-value in which the old exchange-value re-appears.[4]

1 "Of all the instruments of the farmers' trade, the labour of man . . . is that on which he is most to rely for the repayment of his capital. The other two . . . the working stock of the cattle and the . . . carts, ploughs, spades, and so forth, without a given portion of the first, are nothing at all." (Edmund Burke. "Thoughts and Details on Scarcity, originally presented to the Right Hon. W. Pitt, in the month of November, 1795," Edit. London. 1800, p. 10.)

2 In "The Times" of 26th November, 1862, a manufacturer, whose mill employed 800 hands, and consumed, on the average, 150 bales of East Indian, or 130 bales of American cotton, complains, in doleful manner, of the standing expenses of his factory when not working. He estimates them at £6,000 a year. Among them are a number of items that do not concern us here, such as rent, rates, and taxes, insurance, salaries of the manager, book-keeper, engineer, and others. Then he reckons £150 for coal used to heat the mill occasionally, and run the engine now and then. Besides this, he includes the wages of the people employed at odd times to keep the machinery in working order. Lastly, he puts down £1,200 for depreciation of machinery, because "the weather and the natural principle of decay do not suspend their operations because the steam-engine ceases to revolve." He says, emphatically, he does not estimate his depreciation at more than the small sum of £1,200, because his machinery is already nearly worn out.

3 "Productive consumption . . . where the consumption of a commodity is a part of the process of production. . . . In these instances there is no consumption of value." (S. P. Newman, l. c, p. 296.)

4 In an American compendium that has gone through, perhaps, 20 editions, this passage occurs: "It matters not in what form capital re-appears;" then after a lengthy enumeration of all the possible ingredients of production whose value re-appears in the product, the passage concludes thus: "The various kinds of food, clothing, and shelter, necessary for the existence and comfort of the human being, are also changed. They are consumed from time to time, and their value re-appears in that new vigour imparted to his body and mind, forming fresh capital, to be employed again in the work of production." (F. Wayland, l. c, pp. 31,32.) Without noticing any other oddities, it suffices to observe, that what re-appears in the fresh vigour, is not the bread's price, but its blood-forming substances. What, on the other hand, re-appears in the value of that vigour is not the means of subsistence, but their value. The same necessaries of life, at half the price, would form just as much muscle and bone, just as much vigour, but not vigour of the same value. This confusion of "value" and "vigour" coupled with our author's pharisaical indefiniteness, mark an attempt, futile for all that, to thrash out an explanation of surplus-value from a mere re-appearance of pre-existing values.

It is otherwise with the subjective factor of the labour-process, with labour-power in action. While the labourer, by virtue of his labour being of a specialised kind that has a special object, preserves and transfers to the product the value of the means of production, he at the same time, by the mere act of working, creates each instant an additional or new value. Suppose the process of production to be stopped just when the workman has produced an equivalent for the value of his own labour power, when, for example, by six hours' labour, he has added a value of three shillings. This value is the surplus, of the total value of the product, over the portion of its value that is due to the means of production. It is the only original bit of value formed during this process, the only portion of the value of the product created by this process. Of course, we do not forget that this new value only replaces the money advanced by the capitalist in the purchase of the labour-power, and spent by the labourer on the necessaries of life. With regard to the money spent, the new value is merely a reproduction, but, nevertheless, it is an actual, and not, as in the case of the value of the means of production, only an apparent, reproduction. The substitution of one value for another, is here effected by the creation of new value.

We know, however, from what has gone before, that the labour-process may continue beyond the time necessary to reproduce and incorporate in the product a mere equivalent for the value of the labour-power. Instead of the six hours that are sufficient for the latter purpose, the process may continue for twelve hours. The action of labour-power, therefore, not only reproduces its own value, but produces value over and above it. This surplus-value is the difference between the value of the product and the value of the elements consumed in the formation of that product, in other words, of the means of production and the labour-power.

By our explanation of the different parts played by the various factors of the labour-process in the formation of the product's value, we have, in fact, disclosed the characters of the different functions allotted to the different elements of capital in the process of expanding its own value. The surplus of the total value of the product, over the sum of the values of its constituent factors, is the surplus of the expanded capital over the capital originally advanced. The means of production on the one hand, labour-power on the other, are merely the different modes of existence which the value of the original capital assumed when from being money it was transformed into the

various factors of the labour-process. That part of capital then, which is represented by the means of production, by the raw material, auxiliary material and the instruments of labour, does not, in the process of production, undergo any quantitative alteration of value. I therefore call it the constant part of capital, or, more shortly, *constant capital.*

On the other hand, that part of capital, represented by labour-power, does, in the process of production, undergo an alteration of value. It both reproduces the equivalent of its own value, and also produces an excess, a surplus-value, which may itself vary, may be more or less according to circumstances. This part of capital is continually being transformed from a constant into a variable magnitude. I therefore call it the variable part of capital, or, shortly, *variable capital.* The same elements of capital which, from the point of view of the labour-process, present themselves respectively as the objective and subjective factors, as means of production and labour-power, present themselves, from the point of view of the process of creating surplus-value, as constant and variable capital.

The definition of constant capital given above by no means excludes the possibility of a change of value in its elements. Suppose the price of cotton to be one day sixpence a pound, and the next day, in consequence of a failure of the cotton crop, a shilling a pound. Each pound of the cotton bought at sixpence, and worked up after the rise in value, transfers to the product a value of one shilling; and the cotton already spun before the rise, and perhaps circulating in the markets as yarn, likewise transfers to the product twice its original value. It is plain, however, that these changes of value are independent of the increment or surplus value added to the value of the cotton by the spinning itself. If the old cotton had never been spun, it could, after the rise, be resold at a shilling a pound instead of at sixpence. Further, the fewer the processes the cotton has gone through, the more certain is this result. We therefore find that speculators make it a rule when such sudden changes in value occur to speculate in that material on which the least possible quantity of labour has been spent: to speculate, therefore, in yarn rather than in cloth, in cotton itself, rather than in yarn. The change of value in the case we have been considering, originates, not in the process in which the cotton plays the part of a means of production, and in which it therefore functions as constant capital, but in the process in which the cotton itself is produced. The value of a commodity, it is true, is determined by the quantity of labour

contained in it, but this quantity is itself limited by social conditions. If the time socially necessary for the production of any commodity alters—and a given weight of cotton represents, after a bad harvest, more labour than after a good one—all previously existing commodities of the same class are affected, because they are, as it were, only individuals of the species,[1] and their value at any given time is measured by the labour socially necessary, *i.e.*, by the labour necessary for their production under the then existing social conditions.

As the value of the raw material may change, so, too, may that of the instruments of labour, of the machinery, &c., employed in the process; and consequently that portion of the value of the product transferred to it from them, may also change. If in consequence of a new invention, machinery of a particular kind can be produced by a diminished expenditure of labour, the old machinery becomes depreciated more or less and consequently transfers so much less value to the product. But here again, the change in value originates outside the process in which the machine is acting as a means of production. Once engaged in this process, the machine cannot transfer more value than it possesses apart from the process.

Just as a change in the value of the means of production, even after they have commenced to take a part in the labour process, does not alter their character as constant capital, so, too, a change in the proportion of constant to variable capital does not affect the respective functions of these two kinds of capital. The technical conditions of the labour process may be revolutionised to such an extent, that where formerly ten men using ten implements of small value worked up a relatively small quantity of raw material, one man may now, with the aid of one expensive machine, work up one hundred times as much raw material. In the latter case we have an enormous increase in the constant capital, that is represented by the total value of the means of production used, and at the same time a great reduction in the variable capital, invested in labour-power. Such a revolution, however, alters only the quantitave relation between the constant and the variable capital, or the proportions in which the total capital is split up into its constant and variable constituents; it has not in the least degree affected the essential difference between the two.

1 "Toutes les productions d'un même genre ne forment proprement qu'une masse, dont le prix se détermine en général et sans égard aux circonstances particulières." (Le Trosne, 1. c., p. 893.)

CHAPTER IX.

THE RATE OF SURPLUS-VALUE.

SECTION 1.—THE DEGREE OF EXPLOITATION OF LABOUR-POWER.

The surplus-value generated in the process of production by C, the capital advanced, or in other words, the self-expansion of the value of the capital C, presents itself for our consideration, in the first place, as a surplus, as the amount by which the value of the product exceeds the value of its constituent element.

The capital C is made up of two components, one, the sum of money c laid out upon the means of production, and the other, the sum of money v expended upon the labour-power c represents the portion that has become constant capital, and v the portion that has become variable capital. At first then, C = c+v: for example, if £500 is the capital advanced, its components may be such that the £500 = £410 const.+£90 var. When the progress of production is finished, we get a commodity whose value = (c+v) + s, where s is the surplus value; or taking our former figures, the value of this commodity may be (£410 const. + £90 var.) + £90 surpl. The original capital has now changed from C to C', from £500 to £590. The difference is s or a surplus value of £90. Since the value of the constituent elements of the product is equal to the value of the advanced capital, it is mere tautology to say, that the excess of the value of the product over the value of its constituent elements, is equal to the expansion of the capital advanced or to the surplus-value produced.

Nevertheless, we must examine this tautology a little more closely. The two things compared are, the value of the product, and the value of its constituents consumed in the process of production. Now we have seen how that portion of the constant capital which consists of the instruments of labour, transfers to the product only a fraction of its value, while the remainder of that value continues to reside in those instruments. Since this remainder plays no part in the formation of value, we may at present leave it on one side. To introduce it into the calculation would make no difference. For instance, taking our former example, c = £410: suppose this sum to consist of £312 value of raw material, £44 value of auxiliary

material, and £54 value of the machinery worn away in the process; and suppose that the total value of the machinery employed is £1,054. Out of this latter sum, then, we reckon as advanced for the purpose of turning out the product, the sum of £54 alone, which the machinery loses by wear and tear in the process; for this is all it parts with to the product. Now if we also reckon the remaining £1,000, which still continues in the machinery, as transferred to the product, we ought also to reckon it as part of the value advanced, and thus make it appear on both sides of our calculation.[1] We should, in this way, get £1,500 on one side and £1,590 on the other. The difference of these two sums, or the surplus-value, would still be £90. Throughout this Book therefore, by constant capital advanced for the production of value, we always mean, unless the context is repugnant thereto, the value of the means of production actually consumed in the process, and that value alone.

This being so, let us return to the formula $C = c + v$, which we saw transformed into $C' = (c + v) + s$, C becoming C'. We know that the value of the constant capital is transferred to, and merely re-appears in the product. The new value actually created in the process, the value produced, or value-product, is therefore not the same as the value of the product; it is not, as it would at first sight appear $(c + v) + s$ or £410 const. + £90 var. + £90 surpl.; but $v + s$ or £90 var. + £90 surpl. not £590 but £180. If $c = 0$, or in other words, if there were branches of industry in which the capitalist could dispense with all means of production made by previous labour, whether they be raw material, auxiliary material, or instruments of labour, employing only labour-power and materials supplied by Nature, in that case, there would be no constant capital to transfer to the product. This component of the value of the product, *i.e.*, the £410 in our example, would be eliminated, but the sum of £180, the amount of new value created, or the value produced, which contains £90 of surplus value, would remain just as great as if c represented the highest value imaginable. We should have $C = (0 + v) + s$ or C' the expanded capital $= v + s$ and therefore $C' - C = s$ as before. On the other hand, if $s = 0$, or in other words, if the labour-power, whose value is advanced in the form of variable capital, were to produce only its equivalent, we should have $C = c$

1 "If we reckon the value of the fixed capital employed as a part of the advances, we must reckon the remaining value of such capital at the end of the year as a part of the annual returns." (Malthus, 'Princ. of Pol. Econ.' 2nd ed., Lond., 1836, p. 269.)

+v or C′ the value of the product=(c+v)+0 or C=C′. The capital advanced would, in this case, not have expanded its value.

From what has gone before, we know that surplus-value is purely the result of a variation in the value of v, of that portion of the capital which is transformed into labour-power; consequently, v+s=v+v′ or v plus an increment of v. But the fact that it is v alone that varies, and the conditions of that variation, are obscured by the circumstance that in consequence of the increase in the variable component of the capital, there is also an increase in the sum total of the advanced capital. It was originally £500 and becomes £590. Therefore in order that our investigation may lead to accurate results, we must make abstraction from that portion of the value of the product, in which constant capital alone appears, and consequently must equate the constant capital to zero or make c= 0. This is merely an application of a mathematical rule, employed whenever we operate with constant and variable magnitudes, related to each other by the symbols of addition and subtraction only.

A further difficulty is caused by the original form of the variable capital. In our example, C′=£410 const.+ £90 var +£90 surpl.; but £90 is a given and therefore a constant quantity; hence it appears absurd to treat it as variable. But in fact, the term £90 var. is here merely a symbol to show that this value undergoes a process. The portion of the capital invested in the purchase of labour-power is a definite quantity of materialised labour, a constant value like the value of the labour power purchased. But in the process of production the place of the £90 is taken by the labour-power in action, dead labour is replaced by living labour, something stagnant by something flowing, a constant by a variable. The result is the reproduction of v plus an increment of v. From the point of view, then, of capitalist production, the whole process appears as the spontaneous variation of the originally constant value, which is transformed into labour-power. Both the process and its result, appear to be owing to this value. If, therefore, such expressions "£90 variable capital," or "so much self-expanding value," appear contradictory, this is only because they bring to the surface a contradiction immanent in capitalist production.

At first sight it appears a strange proceeding, to equate the constant capital to zero. Yet it is what we do every day. If, for example, we wish to calculate the amount of England's

profits from the cotton industry, we first of all deduct the sums paid for cotton to the United States, India, Egypt and other countries; in other words, the value of the capital that merely re-appears in the value of the product, is put = 0.

Of course the ratio of surplus-value not only to that portion of the capital from which it immediately springs, and whose change of value it represents, but also to the sum total of the capital advanced is economically of very great importance. We shall, therefore, in the third book, treat of this ratio exhaustively. In order to enable one portion of a capital to expand its value by being converted into labour-power, it is necessary that another portion be converted into means of production. In order that variable capital may perform its function, constant capital must be advanced in proper proportion, a proportion given by the special technical conditions of each labour-process. The circumstance, however, that retorts and other vessels, are necessary to a chemical process, does not compel the chemist to notice them in the result of his analysis. If we look at the means of production, in their relation to the creation of value, and to the variation in the quantity of value, apart from anything else, they appear simply as the material in which labour-power, the value-creator, incorporates itself. Neither the nature, nor the value of this material is of any importance. The only requisite is that there be a sufficient supply to absorb the labour expended in the process of production. That supply once given, the material may rise or fall in value, or even be, as land and the sea, without any value in itself; but this will have no influence on the creation of value or on the variation in the quantity of value.[1]

In the first place then we equate the constant capital to zero. The capital advanced is consequently reduced from $c+v$ to v, and instead of the value of the product $(c+v)+s$ we have now the value produced $(v+s)$. Given the new value produced £180, which sum consequently represents the whole labour expended during the process, then subtracting from it £90 the value of the variable capital, we have remaining £90, the amount of the surplus-value. This sum of £90 or s expresses the absolute quantity of surplus-value produced. The relative quantity produced, or the increase per cent. of the variable capital, is determined, it is plain, by the ratio of the surplus value to the variable capital, or is expressed by $\frac{s}{v}$. In our

1 What Lucretius says is self-evident; "nil posse creari de nihilo" out of nothing, nothing can be created. Creation of value is transformation of labour power into labour. Labour-power itself is energy transferred to a human organism by means of nourishing matter.

example this ratio is $\frac{300}{100}$, which gives an increase of 100%. This relative increase in the value of the variable capital, or the relative magnitude of the surplus-value, I call "The rate of surplus-value."[1]

We have seen that the labourer, during one portion of the labour-process, produces only the value of his labour-power, that is, the value of his means of subsistence. Now since his work forms part of a system, based on the social division of labour, he does not directly produce the actual necessaries which he himself consumes; he produces instead a particular commodity, yarn for example, whose value is equal to the value of those necessaries or of the money with which they can be bought. The portion of his day's labour devoted to this purpose, will be greater or less, in proportion to the value of the necessaries that he daily requires on an average, or, what amounts to the same thing, in proportion to the labour-time required on an average, to produce them. If the value of those necessaries represents on an average the expenditure of six hours' labour, the workman must on an average work for six hours to produce that value. If instead of working for the capitalist, he worked independently on his own account, he would, other things being equal, still be obliged to labour for the same number of hours, in order to produce the value of his labour-power, and thereby to gain the means of subsistence necessary for his conservation or continued reproduction. But as we have seen, during that portion of his day's labour in which he produces the value of his labour-power, say three shillings, he produces only an equivalent for the value of his labour-power already advanced by the capitalist; the new value created only replaces the variable capital advanced. It is owing to this fact, that the production of the new value of three shillings takes the semblance of a mere reproduction. That portion of the working day, then, during which this reproduction takes place, I call "*necessary*" labour-time, and the labour expended during that time I call "*necessary*" labour.[2] Necessary, as regards the labourer, because independent of the particular social form of his labour; necessary, as regards

[1] In the same way that the English use the terms "rate of profit," "rate of interest." We shall see, in Book III., that the rate of profit is no mystery, so soon as we know the laws of surplus-value. If we reverse the process, we cannot comprehend either the one or the other.

[2] In this work, we have, up to now, employed the term "necessary labour-time," to designate the time necessary under given social conditions for the production of any commodity. Henceforward we use it to designate also the time necessary for the production of the particular commodity labour-power. The use of one and the same technical term in different senses is inconvenient, but in no science can it be altogether avoided. Compare, for instance, the higher with the lower branches of mathematics.

capital, and the world of capitalists, because on the continued existence of the labourer depends their existence also.

During the second period of the labour-process, that in which his labour is no longer necessary labour, the workman, it is true; labours, expends labour-power; but his labour, being no longer necessary labour, he creates no value for himself. He creates surplus-value which, for the capitalist, has all the charms of a creation out of nothing. This portion of the working day, I name surplus labour-time, and to the labour expended during that time, I give the name of surplus-labour. It is every bit as important, for a correct understanding of surplus-value, to conceive it as a mere congelation of surplus labour-time, as nothing but materialised surplus labour, as it is, for a proper comprehension of value, to conceive it is a mere congelation of so many hours of labour, as nothing but materialised labour. The essential difference between the various economic forms of society, between, for instance, a society based on slave labour, and one based on wage labour, lies only in the mode in which this surplus-labour is in each case extracted from the actual producer, the labourer.[1]

Since, on the one hand, the values of the variable capital and of the labour-power purchased by that capital are equal, and the value of this labour-power determines the necessary portion of the working day; and since, on the other hand, the surplus-value is determined by the surplus portion of the working day, it follows that surplus-value bears the same ratio to variable capital, that surplus-labour does to necessary labour, or in other words, the rate of surplus value $\frac{s}{v} = \frac{\text{surplus labour}}{\text{necessary labour}}$. Both ratios, $\frac{s}{v}$ and $\frac{\text{surplus labour}}{\text{necessary labour}}$ express the same thing in different ways, in the one case by reference to materialised, incorporated labour, in the other by reference to living, fluent labour.

The rate of surplus-value is therefore an exact expression for the degree of exploitation of labour-power by capital, or of the labourer by the capitalist.[2]

[1] Herr Wilhelm Thucydides Roscher has found a mare's nest. He has made the important discovery that if, on the one hand, the formation of surplus value, or surplus-produce, and the consequent accumulation of capital, is now a-days due to the thrift of the capitalist, on the other hand, in the lowest stages of civilisation it is the strong who compel the weak to economise (l. c. p. 78). To economise what? Labour? Or superfluous wealth that does not exist? What is it that makes such men as Roscher account for the origin of surplus-value, by a mere rechauffé of the more or less plausible excuses by the capitalist, for his appropriation of surplus-value? It is, besides their real ignorance, their apologetic dread of a scientific analysis of value and surplus value, and of obtaining a result, possibly not altogether palatable to the powers that be.

[2] Although the rate of surplus-value is an exact expression for the degree of exploitation of labour-power, it is, in no sense, an expression for the absolute

We assumed in our example, that the value of the product = £410 const. + £90 var. + £90 surpl., and that the capital advanced £500. Since the surplus-value = £90, and the advanced capital = £500, we should, according to the usual way of reckoning, get as the rate of surplus value (generally confounded with rate of profits) 18%, a rate so low as possibly to cause a pleasant surprise to Mr. Carey and other harmonisers. But in truth, the rate of surplus-value is not equal to $\frac{s}{c}$ or $\frac{s}{c+v}$ but to $\frac{s}{v}$: thus it is not $\frac{90}{500}$ but $\frac{90}{90}$ or 100%, which is more than five times the apparent degree of exploitation. Although, in the case we have supposed, we are ignorant of the actual length of the working day, and of the duration in days or weeks of the labour-process, as also of the number of labourers employed, yet the rate of surplus-value $\frac{s}{v}$ accurately discloses to us, by means of its equivalent expression $\frac{\text{surplus labor}}{\text{necessary labor}}$ the relation between the two parts of the working day. This relation is here one of equality, the rate being 100%. Hence, it is plain, the labourer, in our example, works one half of the day for himself, the other half for the capitalist.

The method of calculating the rate of surplus value is therefore, shortly, as follows. We take the total value of the product and put the constant capital which merely re-appears in it, equal to zero. What remains, is the only value that has, in the process of producing the commodity, been actually created. If the amount of surplus-value be given, we have only to deduct it from this remainder, to find the variable capital. And *vice versa*, if the latter be given, and we require to find the surplus-value. If both be given, we have only to perform the concluding operation, viz., to calculate $\frac{s}{v}$, the ratio of the surplus-value to the variable capital.

Though the method is so simple, yet it may not be amiss, by means of a few examples, to exercise the reader in the application of the novel principles underlying it.

First we will take the case of a spinning mill containing 10,000 mule spindles, spinning No. 32 yarn from American cotton, and producing 1 lb. of yarn weekly per spindle. We assume the waste to be 6%: under these circumstances 10,600 lbs. of cotton are consumed weekly, of which 600 lbs. go to

amount of exploitation. For example, if the necessary labour = 5 hours and the surplus-labour = 5 hours, the degree of exploitation is 100%. The amount of exploitation is here measured by 5 hours. If, on the other hand, the necessary labour = 6 hours and the surplus-labour = 6 hours, the degree of exploitation remains as before, 100%, while the actual amount of exploitation has increased 20%, namely from five hours to six.

waste. The price of the cotton in April, 1871, was 7¾d. per lb.; the raw material therefore costs in round numbers £342. The 10,000 spindles, including preparation-machinery, and motive power, cost, we will assume, £1 per spindle, amounting to a total of £10,000. The wear and tear we put at 10%, or £1000 yearly=£20 weekly. The rent of the building we suppose to be £300 a year or £6 a week. Coal consumed (for 100 horse-power indicated, at 4 lbs. of coal per horse-power per hour during 60 hours, and inclusive of that consumed in heating the mill), 11 tons a week at 8s. 6d. a ton, amounts to about £4½ a week: gas, £1 a week, oil, &c., £1½ a week. Total cost of the above auxiliary materials, £10 weekly. Therefore the constant portion of the value of the week's product is £378. Wages amount to £52 a week. The price of the yarn is 12¼d. per lb., which gives for the value of 10,000 lbs. the sum of £510. The surplus value is therefore in this case £510—£430=£80. We put the constant part of the value of the product=0, as it plays no part in the creation of value. There remains £132 as the weekly value created, which=£52 var.+£80 surpl. The rate of surplus-value is therefore 80/52 = 153 11/13 %. In a working day of 10 hours with average labour the result is: necessary labour= 3 3/13 hours and surplus labour=6 10/13.[1]

One more example. Jacob gives the following calculation for the year 1815. Owing to the previous adjustment of several items it is very imperfect; nevertheless for our purpose it is sufficient. In it he assumes the price of wheat to be 8s. a quarter, and the average yield per acre to be 22 bushels.

VALUE PRODUCED PER ACRE.

Seed	£1	9	0	Tithes, Rates, and Taxes	£1	1	0
Manure	2	10	0	Rent	1	8	0
Wages	3	10	0	Farmer's Profit and Interest	1	2	0
Total	£7	9	0	Total	£3	11	0

Assuming that the price of the product is the same as its value, we here find the surplus-value distributed under the various heads of profit, interest, rent, &c. We have nothing to do with these in detail; we simply add them together, and the

[1] The above data, which may be relied upon, were given me by a Manchester spinner. In England the horse-power of an engine was formerly calculated from the diameter of its cylinder, now the actual horse power shown by the indicator is taken.

sum is a surplus-value of £3 11s. 0d. The sum of £3 19s. 0d., paid for seed and manure, is constant capital, and we put it equal to zero. There is left the sum of £3 10s. 0d., which is the variable capital advanced: and we see that a new value of £3 10s. 0d. + £3 11s. 0d. has been produced in its place. Therefore $\frac{s}{v} = £\frac{3\frac{11}{60}}{3\frac{10}{60}}$, giving a rate of surplus-value of more than 100%. The labourer employs more than one half of his working day in producing the surplus-value, which different persons, under different pretexts, share amongst themselves.[1]

SECTION 2.—THE REPRESENTATION OF THE COMPONENTS OF THE VALUE OF THE PRODUCT BY CORRESPONDING PROPORTIONAL PARTS OF THE PRODUCT ITSELF.

Let us now return to the example by which we were shown how the capitalist converts money into capital.

The product of a working day of 12 hours is 20 lbs. of yarn, having a value of 30s. No less than 8-10ths of this value, or 24s., is due to mere re-appearance in it, of the value of the means of production (20 lbs. of cotton, value 20s., and spindle worn away, 4s.): it is therefore constant capital. The remaining 2-10ths or 6s. is the new value created during the spinning process: of this one half replaces the value of the day's labour power, or the variable capital, the remaining half constitutes a surplus-value of 3s. The total value then of the 20 lbs. of yarn is made us as follows:

30s value of yarn=24 const.+3s. var.+3s. surpl.

Since the whole of the value is contained in the 20 lbs. of yarn produced, it follows that the various component parts of this value, can be represented as being contained respectively in corresponding parts of the product.

If the value of 30s. is contained in 20 lbs. of yarn, then 8-10ths of this value, or the 24s. that form its constant part, is contained in 8 10ths of the product or in 16 lbs. of yarn. Of the latter 13⅓ lbs. represent the value of the raw material, the 20s. worth of cotton spun, and 2⅔ lbs. represent the 4s. worth of spindle, &c., worn away in the process.

Hence the whole of the cotton used up in spinning the 20 lbs. of yarn, is represented by 13⅓ lbs. of yarn. This latter weight of yarn contains, it is true, by weight, no more than 13⅓ lbs. of cotton, worth 13⅓ shillings; but the 6⅔ shillings

[1] The calculations given in the text are intended merely as illustrations. We have in fact assumed that prices = values. We shall, however, see, in volume III., that even in the case of average prices the assumption cannot be made in this very simple manner.

additional value contained in it, are the equivalent for the cotton consumed in spinning the remaining 6⅔ lbs. of yarn. The effect is the same as if these 6⅔ lbs. of yarn contained no cotton at all, and the whole 20 lbs. of cotton were concentrated in the 13⅓ lbs. of yarn. The latter weight, on the other hand, does not contain an atom either of the value of the auxiliary materials and implements, or of the value newly created in the process.

In the same way, the 2⅔ lbs. of yarn, in which the 4s., the remainder of the constant capital, is embodied, represents nothing but the value of the auxiliary materials and instruments of labour consumed in producing the 20 lbs. of yarn.

We have, therefore, arrived at this result: although eight tenths of the product, of 16 lbs. of yarn, is, in its character of an article of utility, just as much the fabric of the spinner's labour, as the remainder of the same product, yet when viewed in this connexion, it does not contain, and has not absorbed any labour expended during the process of spinning. It is just as if the cotton had converted itself into yarn, without help; as if the shape it had assumed was mere trickery and deceit; for so soon as our capitalist sells it for 24s., and with the money replaces his means of production, it becomes evident that this 16 lbs. of yarn is nothing more than so much cotton and spindle-waste in disguise.

On the other hand, the remaining 2 10ths of the product, or 4 lbs. of yarn, represent nothing but the new value of 6s., created during the 12 hours' spinning process. All the value transferred to those 4 lbs., from the raw material and instruments of labour consumed, was, so to say, intercepted in order to be incorporated in the 16 lbs. first spun. In this case, it is as if the spinner had spun 4 lbs. of yarn out of air, or, as if he had spun them with the aid of cotton and spindles, that, being the spontaneous gift of Nature, transferred no value to the product.

Of this 4 lbs. of yarn, in which the whole of the value newly created during the process, is condensed, one half represents the equivalent for the value of the labour consumed, or the 3s. variable capital, the other half represents the 3s. surplus value.

Since 12 working hours of the spinner are embodied in 6s., it follows that in yarn of the value of 30s., there must be embodied 60 working hours. And this quantity of labour time does in fact exist in the 20 lbs. of yarn; for in 8 10ths or 16 lbs. there are materialised the 48 hours of labour expended, before the commencement of the spinning process, on the

means of production; and in the remaining 2-10ths or 4 lbs. there are materialised the 12 hours' work done during the process itself.

On a former page we saw that the value of the yarn is equal to the sum of the new value created during the production of that yarn plus the value previously existing in the means of production.

It has now been shown how the various component parts of the value of the product, parts that differ functionally from each other, may be represented by corresponding proportional parts of the product itself.

To split up in this manner the product into different parts, of which one represents only the labour previously spent on the means of production, or the constant capital, another, only the necessary labour spent during the process of production, or the variable capital, and another and last part, only the surplus-labour expended during the same process, or the surplus-value; to do this, is, as will be seen later on from its application to complicated and hitherto unsolved problems, no less important than it is simple.

In the preceding investigation we have treated the total product as the final result, ready for use, of a working day of 12 hours. We can however follow this total product through all the stages of its production; and in this way we shall arrive at the same result as before, if we represent the partial products, given off at the different stages, as functionally different parts of the final or total product.

The spinner produces in 12 hours 20 lbs. of yarn, or in 1 hour 1 $\frac{2}{3}$ lbs.; consequently he produces in 8 hours 13$\frac{1}{3}$ lbs., or a partial product equal in value to all the cotton that is spun in a whole day. In like manner the partial product of the next period of 1 hour and 36 minutes, is 2$\frac{2}{3}$ lbs. of yarn: this represents the value of the instruments of labour that are consumed in 12 hours. In the following hour and 12 minutes, the spinner produces 2 lbs. of yarn worth 3 shillings, a value equal to the whole value he creates in his 6 hours necessary labour. Finally, in the last hour and 12 minutes he produces another 2 lbs. of yarn, whose value is equal to the surplus-value, created by his surplus-labour during half a day. This method of calculation serves the English manufacturer for everyday use; it shows, he will say, that in the first 8 hours, or $\frac{2}{3}$ of the working day, he gets back the value of his cotton; and so on for the remaining hours. It is also a perfectly correct method: being in fact the first method given

above with this difference, that instead of being applied to space, in which the different parts of the completed product lie side by side, it deals with time, in which those parts are successively produced. But it can also be accompanied by very barbarian notions, more especially in the heads of those who are as much interested, practically, in the process of making value beget value, as they are in misunderstanding that process theoretically. Such people may get the notion into their heads, that one spinner, for example, produces or replaces in the first 8 hours of his working day the *value* of the cotton; in the following hour and 36 minutes the *value* of the instruments of labour worn away; in the next hour and 12 minutes the *value* of the wages; and that he devotes to the production of surplus-value for the manufacturer, only that well known "last hour." In this way the poor spinner is made to perform the two fold miracle not only of producing cotton, spindles, steam-engine, coal, oil, &c., at the same time that he spins with them, but also of turning one working day into five; for in, the example we are considering, the production of the raw material and instruments of labour demands four working days of twelve hours each, and their conversion into yarn requires another such day. That the love of lucre induces an easy belief in such miracles, and that sycophant doctrinaires are never wanting to prove them, is vouched for by the following incident of historical celebrity.

SECTION 3.—SENIOR'S "LAST HOUR."

One fine morning, in the year 1836, Nassau W. Senior, who may be called the bel esprit of English economists, well known alike for his economical "science," and for his beautiful style, was summoned from Oxford to Manchester, to learn in the latter place the political economy that he taught in the former. The manufacturers elected him as their champion, not only against the newly passed Factory Act, but against the still more menacing Ten-hours' agitation. With their usual practical acuteness, they had found out that the learned Professor "wanted a good deal of finishing;" it was this discovery that caused them to write for him. On his side the Professor has embodied the lecture he received from the Manchester manufacturers, in a phamplet, entitled: "Letters on the Factory Act, as it affects the cotton manufacture." London, 1837. Here we find, amongst others, the following edifying passage: "Under the present law, no mill in which persons under 18 years of age are employed, ... can be worked

more than 11½ hours a day, that is 12 hours for 5 days in the week, and nine on Saturday.

"Now the following analysis (!) will show that in a mill so worked, the whole net profit is derived *from the last hour*. I will suppose a manufacturer to invest £100,000:—£80,000 in his mill and machinery, and £20,000 in raw material and wages. The annual return of that mill, supposing the capital to be turned once a year, and gross profits to be 15 per cent., ought to be goods worth £115,000. . . . . Of this £115,000, each of the twenty-three half-hours of work produces 5-115ths or one twenty-third. Of these 23-23rds (constituting the whole £115,000) twenty, that is to say £100,000 out of the £115,000, simply replace the capital;—one twenty-third (or £5000 out of the £115,000) makes up for the deterioration of the mill and machinery. The remaining 2-23rds, that is, the last two of the twenty-three half-hours of every day, produce the net profit of 10 per cent. If, therefore (prices remaining the same), the factory could be kept at work thirteen hours instead of eleven and a half, with an addition of about £2600 to the circulating capital, the net profit would be more than doubled. On the other hand, if the hours of working were reduced by one hour per day (prices remaining the same), the *net* profit would be destroyed: if they were reduced by one hour and a half, even the *gross* profit would be destroyed."

And the professor calls this an "analysis!" If, giving credence to the out-cries of the manufacturers, he believed that

1 Senior, l. c., p. 12, 13. We let pass such extraordinary notions as are of no importance for our purpose; for instance, the assertion, that manufacturers reckon as part of their profit, gross or net, the amount required to make good wear and tear of machinery, or in other words, to replace a part of the capital. So, too, we pass over *any question as to the accuracy of his figures*. Leonard Horner has shown in "A Letter to Mr. Senior," &c., London, 1837, that they are worth no more than the so-called "Analysis." Leonard Horner was one of the Factory Inquiry Commissioners in 1833, and Inspector, or rather Censor of Factories till 1859. He rendered undying service to the English working class. He carried on a life-long contest, not only with the embittered manufacturers, but also with the Cabinet, to whom the number of votes given by the masters in the Lower House, was a matter of far greater importance than the number of hours worked by the "hands" in the mills.

Apart from errors in principle, Senior's statement is confused. What he really intended to say was this: The manufacturer employs the workman for 11½ hours or for 23 half-hours daily. As the working day, so, too, the working year, may be conceived to consist of 11½ hours or 23 half hours, but each multiplied by the number of working days in the year. On this supposition, the 23 half-hours yield an annual product of £115,000, one half-hour yields 1-23 x £115,000; 20 half-hours yield 20-23 x 115,000 = 100,000, i.e., they replace no more than the capital advanced. There remain 3 half-hours, which yield 3-23 x £115,000 = £15,000 or the gross profit. Of these 3 half hours, one yields 1-23 x £115,000 = £5000; i.e., it makes up for the wear and tear of the machinery, the remaining 2 half hours, i.e., the last hour, yield 2-23 x £115,000 = £10,000 or the net profit. In the text Senior converts the last 2-23 of the product into portions of the working day itself.

the workmen spend the best part of the day in the production, *i. e.*, the reproduction or replacement of the value of the buildings, machinery, cotton, coal, &c., then his analysis was superfluous. His answer would simply have been:—Gentlemen! if you work your mills for 10 hours instead of $11\frac{1}{2}$, then, other things being equal, the daily consumption of cotton, machinery, &c., will decrease in proportion. You gain just as much as you lose. Your work-people will in future spend one hour and a half less time in producing or replacing the capital that has been advanced.- If, on the other hand, he did not believe them without further inquiry, but, as being an expert in such matters deemed an analysis necessary, then he ought, in a question that is concerned exclusively with the relations of net profit to the length of the working day, before all things to have asked the manufacturers, to be careful not to lump together machinery, workshops, raw material, and labour, but to be good enough to place the constant capital, invested in buildings, machinery, raw material, &c., on one side of the account, and the capital advanced in wages on the other side. If the professor then found, that in accordance with the calculation of the manufacturers, the workman reproduced or replaced his wages in 2 half-hours, in that case, he should have continued his analysis thus:

According to your figures, the workman in the last hour but one produces his wages, and in the last hour your surplus-value or net profit. Now, since in equal periods he produces equal values, the produce of the last hour but one, must have the same value as that of the last hour. Further, it is only while he labours that he produces any value at all, and the amount of his labour is measured by his labour time. This you say, amounts to $11\frac{1}{2}$ hours a day. He employs one portion of these $11\frac{1}{2}$ hours, in producing or replacing his wages, and the remaining portion in producing your net profit. Beyond this he does absolutely nothing. But since, on your assumption, his wages, and the surplus value he yields, are of equal value, it is clear that he produces his wages in $5\frac{3}{4}$ hours, and your net profit in the other $5\frac{3}{4}$ hours. Again, since the value of the yarn produced in 2 hours, is equal to the sum of the values of his wages and of your net profit, the measure of the value of this yarn must be $11\frac{1}{2}$ working hours, of which $5\frac{3}{4}$ hours measure the value of the yarn produced in the last hour but one, and $5\frac{3}{4}$, the value of the yarn produced in the last hour. We now come to a ticklish point, therefore, attention! The last working hour but one is, like the first, an ordinary

working hour, neither more nor less. How then can the spinner produce in one hour, in the shape of yarn, a value that embodies $5\frac{3}{4}$ hours labour? The truth is that he performs no such miracle. The use-value produced by him in one hour, is a definite quantity of yarn. The value of this yarn is measured by $5\frac{3}{4}$ working hours, of which $4\frac{3}{4}$ were, without any assistance from him, previously embodied in the means of production, in the cotton, the machinery, and so on; the remaining one hour is added by him. Therefore since his wages are produced in $5\frac{3}{4}$ hours, and the yarn produced in one hour also contains $5\frac{3}{4}$ hours' work, there is no witchcraft in the result, that the value created by this $5\frac{3}{4}$ hours' spinning, is equal to the value of the product spun in one hour. You are altogether on the wrong track, if you think that he loses a single moment of his working day, in reproducing or replacing the values of the cotton, the machinery, and so on. On the contrary, it is because his labour converts the cotton and spindles into yarn, because he spins, that the values of the cotton and spindles go over to the yarn of their own accord. This result is owing to the quality of his labour, not to its quantity. It is true, he will in one hour transfer to the yarn more value, in the shape of cotton, than he will in half an hour; but that is only because in one hour he spins up more cotton than in half an hour. You see then, your assertion, that the workman produces, in the last hour but one, the value of his wages, and in the last hour your net profit, amounts to no more than this, that in the yarn produced by him in 2 working hours, whether they are the 2 first or the 2 last hours of the working day, in that yarn, there are incorporated $11\frac{1}{2}$ working hours, or just a whole day's work, *i. e.*, two hours of his own work and $9\frac{1}{2}$ hours of other people's. And my assertion that, in the first $5\frac{3}{4}$ hours, he produces his wages, and in the last $5\frac{3}{4}$ hours your net profit, amounts only to this, that you pay him for the former, but not for the latter. In speaking of payment of labour, instead of payment of labour-power, I only talk your own slang. Now, gentlemen, if you compare the working time you pay for, with that which you do not pay for, you will find that they are to one another, as half a day is to half a day; this gives a rate of 100%, and a very pretty percentage it is. Further, there is not the least doubt, that if you make your "hands" toil for 13 hours instead of $11\frac{1}{2}$, and, as may be expected from you, treat the work done in that extra one hour and a half, as pure surplus-labour, then the latter will be increased from $5\frac{3}{4}$ hours' labour to $7\frac{1}{4}$ hours' labour, and the rate of surplus-

value from 100%, to $126\frac{2}{23}$%. So that you are altogether too sanguine, in expecting that by such an addition of 1½ hours to the working day, the rate will rise from 100% to 200% and more, in other words that it will be "more than doubled." On the other hand—man's heart is a wonderful thing, especially when carreid in the purse—you take too pessimistic a view, when you fear, that with a reduction of the hours of labour from 11½ to 10, the whole of your net profit will go to the dogs. Not at all. All other conditions remaining the same, the surplus-labour will fall from $53\frac{1}{3}$ hours to $43\frac{3}{4}$ hours, a period that still gives a very profitable rate of surplus-value, namely 82 14 32%. But this dreadful "last hour," about which you have invented more stories than have the millenarians about the day of judgment, is "all bosh." If it goes, it will cost neither you, your net profit, nor the boys and girls whom you employ, their "purity of mind." When

1 If, on the one hand, Senior proved that the net profit of the manufacturer, the existence of the English cotton industry, and England's command of the markets of the world, depend on "the last working hour," on the other hand, Dr. Andrew Ure showed, that if children and young persons under the age of 18 years, instead of being kept the full 12 hours in the warm and pure moral atmosphere of the factory, are turned out an hour sooner into the heartless and frivolous outer world, they will be deprived by idleness and vice, of all hope of salvation for their souls. Since 1848, the factory inspectors have never tired of twitting the masters with this "last," this "fatal hour." Thus Mr Howell in his report of the 31st May, 1855: "Had the following ingenious calculation (he quotes Senior) been correct, every cotton factory in the United Kingdom would have been working at a loss since the year 1850." (Reports of the Insp. of Fact. for the half-year, ending 30th April, 1855, pp. 19, 20.) In the year 1848, after the passing of the 10 hour's bill, the masters of some flax spinning mills, scattered, few and far between over the country on the borders of Dorset and Somerset fobsted a petition against the bill on to the shoulders of a few of their work people. One of the clauses of this petition is as follows: "Your petitioners, as parents, conceive that an additional hour of leisure will tend more to demoralise the children than otherwise, believing that idleness is the parent of vice." On this the factory report of 31st Oct., 1848, says: The atmosphere of the flax mills, in which the children of these virtuous and tender parents work, is so loaded with dust and fibre from the raw material, that it is exceptionally unpleasant to stand even 10 minutes in the spinning rooms: for you are unable to do so without the most painful sensation, owing to the eyes, the ears, the nostrils, and mouth, being immediately filled by the clouds of flax dust from which there is no escape. The labour itself, owing to the feverish haste of the machinery, demands unceasing application of skill and movement, under the control of a watchfulness that never tires, and it seems somewhat hard, to let parents apply the term "idling" to their own children, who, after allowing for meal times, are fettered for 10 whole hours to such an occupation, in such an atmosphere. . . These children work longer than the labourers in the neighbouring villages. . . . Such cruel talk about "idleness and vice" ought to be branded as the purest cant, and the most shameless hypocrisy. . . . That portion of the public, who, about 12 years ago, were struck by the assurance with which, under the sanction of high authority, it was publicly and most earnestly proclaimed that the whole net profit of the manufacturer flows from the labour of the last hour, and that, therefore, the reduction of the working day by one hour would destroy his net profit; that portion of the public, we say, will hardly believe its own eyes, when it now finds, that the original discovery of the virtues of "the last hour" has since been so far improved, as to include morals as well as profit; so that, if the duration of the labour of children, is reduced to a full ten hours, their morals, together with the net profits of their employers, will vanish, both being dependent on this last, this fatal hour. (Reports, Insp. of Fact., for 31st Oct., 1848, p. 101.) The same report then gives some

ever *your* "last hour" strikes in earnest, think on the Oxford Professor. And now, gentlemen, "farewell, and may we meet again in yonder better world, but not before."

Senior invented the battle cry of the "last hour" in 1836.[1] In the London Economist of the 15th April, 1848, the same cry was again raised by James Wilson, an economical mandarin of high standing: this time in opposition to the 10 hours' bill.

SECTION 4.—SURPLUS PRODUCE.

The portion of the product that represents the surplus-value, (one tenth of the 20 lbs., or 2 lbs. of yarn, in the example given in Sec. 2,) we call "surplus-produce." Just as the rate of surplus-value is determined by its relation, not to the sum total of the capital, but to its variable part; in like manner, the relative quantity of surplus-produce is determined by the ratio that this produce bears, not to the remaining part of the total product, but to that part of it in which is incorporated the necessary labour. Since the production of surplus-value is the chief end and aim of capitalist production, it is clear, that the greatness of a man's or a nation's wealth should be measured, not by the absolute quantity produced, but by the relative magnitude of the surplus-produce.[2]

examples of the morality and virtue of these same pure-minded manufacturers, of the tricks, the artifices, the cajoling, the threats, and the falsifications, they made use of, *in order, first, to compel* a few defenceless workmen to sign petitions of such a kind, and then to impose them upon Parliament as the petitions of a whole branch of industry, or a whole country. It is highly characteristic of the present status of so called economical science, that neither Senior himself, *who, at a later period, to his honour be it said,* energetically supported the factory legislation, nor his opponents, from first to last, have ever been able to explain the false conclusions of the "original discovery." They appeal to actual experience, but the why and wherefore remains a mystery.

[1] *Nevertheless, the learned professor was not without some benefit* from his journey to Manchester. In the "Letters on the Factory Act," he makes the whole net gains including "profit" and "interest," and even "something more," depend upon a single unpaid hour's work of the labourer. One year previously, in his "Outlines of Political Economy," written for the instruction of Oxford students and cultivated Philistines, he had also "discovered, in opposition to Ricardo's determination of value by labour, that profit is derived from the labour of the capitalist, and interest from his asceticism, in other words, from his "abstinence." The dodge was an old one, but the word "abstinence" was new. Herr Roscher translates it rightly by "Enthaltung." Some of his countrymen, the Browns, Joneses, and Robinsons, of Germany, not so well versed in Latin as he, have, monk-like, rendered it by "Entsagung" (renunciation).

[2] "To an individual with a capital of £20,000, whose profits were £2,000 per annum, it would be a matter quite indifferent whether his capital would employ a 100 or 1,000 men, whether the commodity produced sold for £10,000 or £20,000, provided, in all cases his profit were not diminished below £2,000. Is not the real interest of the nation similar? Provided its net real income, its rent and profits, be the same, it is of no importance whether the nation consists of 10 or of 12 millions of inhabitants." (*Ric. l. c., p. 416.*) Long before Ricardo, Arthur Young, a fanatical upholder of surplus produce, for the rest, a rambling uncritical writer, whose reputation is in the inverse ratio of his merit, says, "Of what use, in a modern kingdom, would be a whole province thus divided, (in the old Roman manner, by small independent peasants) however well cultivated, except for the mere purpose of breeding men,

The sum of the necessary labour and the surplus-labour, *i e*, of the periods of time during which the workman replaces the value of his labour-power, and produces the surplus value, this sum constitutes the actual time during which he works, *i e*, the working day.

CHAPTER XXXII.

HISTORICAL TENDENCY OF CAPITALIST ACCUMULATION.

What does the primitive accumulation of capital, *i e*, its historical genesis, resolve itself into? In so far as it is not immediate transformation of slaves and serfs into wage-labourers, and therefore a mere change of form, it only means the expropriation of the immediate producers, *i e*, the dissolution of private property based on the labour of its owner. Private property, as the antithesis to social, collective property, exists only where the means of labour and the external conditions of labour belong to private individuals. But according as these private individuals are labourers or not labourers, private property has a different character. The numberless shades, that it at first sight presents, correspond to the intermediate stages lying between these two extremes. The private property of the labourer in his means of production is the foundation of petty industry, whether agricultural, manufacturing or both; petty industry, again, is an essential condition for the development of social production and of the free individuality of the labourer himself. Of course, this petty mode of production exists also under slavery, serfdom, and other states of dependence. But it flourishes, it lets loose its whole energy, it attains its adequate classical form, only where the labourer is the private owner of his own means of labour set in action by himself: the peasant of the land which he cultivates, the artizan of the tool which he handles as a virtuoso. This mode of production presupposes parcelling of the soil, and scattering of the other means of production. As it excludes the concentration of these means of production, so also it excludes co-operation, division of labour within each separate process of production, the control over, and the productive application of the forces of Nature by society, and the free development of the social productive powers. It is compatible only with

which taken singly is a most useless purpose?" (Arthur Young: Political Arithmetic, &c. London, 1774, p. 47).

Very curious is "the strong inclination . . . to represent net wealth as beneficial to the labouring class . . . though it is owing to this very account of being net." (Th. Hopkins, On Rent of Land, &c. London, 1823, p. 126.)

a system of production, and a society, moving within narrow and more or less primitive bounds. To perpetuate it would be, as Pecqueur rightly says, "to decree universal mediocrity." At a certain stage of development it brings forth the material agencies for its own dissolution. From that moment new forces and new passions spring up in the bosom of society; but the old social organization fetters them and keeps them down. It must be annihilated; it is annihilated. Its annihilation, the transformation of the individualised and scattered means of production into socially concentrated ones, of the pigmy property of the many into the huge property of the few, the expropriation of the great mass of the people from the soil, from the means of subsistence, and from the means of labour, this fearful and painful expropriation of the mass of the people forms the prelude to the history of capital. It comprises a series of forcible methods, of which we have passed in review only those that have been epoch-making as methods of the primitive accumulation of capital. The expropriation of the immediate producers was accomplished with merciless Vandalism, and under the stimulus of passions the most infamous, the most sordid, the pettiest, the most meanly odious. Self-earned private property, that is based, so to say, on the fusing together of the isolated, independent labouring-individual with the conditions of his labour, is supplanted by capitalistic private property, which rests on exploitation of the nominally free labour of others, *i.e.*, on wages-labour.[1]

As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralisation of capital. One capitalist always kills many. Hand in hand with this centralisation, or this expropriation of many capitalists by few, develop, on an ever extending scale, the co-operative

1 "Nous sommes dans une condition tout-à-fait nouvelle de la société . . nous tendons à séparer toute espèce de propriété d'avec toute espèce de travail." (Sismondi: Nouveaux Principes de l'Econ. Polit. t. II., p. 434.)

form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usuable in common, the economising of all means of production by their use as the means of production of combined, socialised labour, the entanglement of all peoples in the net of the world-market, and this, the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working-class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.

The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisitions of the capitalist era: *i.e.*, on co-operation and the possession in common of the land and of the means of production.

The transformation of scattered private property, arising from individual labour, into capitalist private property is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialised production, into socialised property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people.[1]

[1] The advance of industry, whose involuntary promoter is the bourgeoisie, replaces the isolation of the labourers, due to competition, by their revolutionary combination, due to association. The development of Modern Industry, therefore, cuts from under its feet, the very foundation on which the bourgeois

produces and appropriates products. What the bourgeoisie therefore, produces, above all, are its own grave diggers. Its fall and the victory of the proletariat are equally inevitable. . . . Of all the classes, that stand face to face with the bourgeoisie to-day, the proletariat alone is a really revolutionary class. The other classes perish and disappear in the face of Modern Industry, the proletariat is its special and essential product. . . . The lower middle classes, the small manufacturers, the shop keepers, the artisan, the peasant, all these fight against the bourgeoisie, to save from extinction their existence as fractions of the middle-class . . . they are reactionary, for they try to roll back the wheel of history. "Karl Marx and Frederick Engels, Manifest der Kommunistischen Partei," London, 1847, pp. 911.

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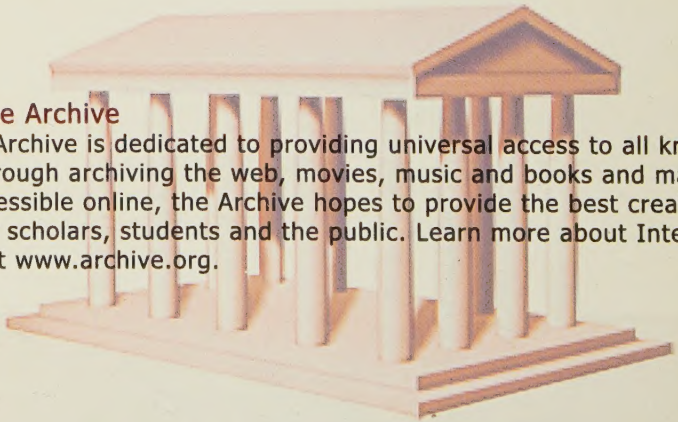

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